

**March 2001**

**Making gas and electricity price  
comparisons easier**

*A decision document*

# Summary

## Initial proposals

In February 2000 Ofgem sought views on various proposals to simplify the comparison and presentation of domestic gas and electricity prices for customers<sup>1</sup>. The proposals were to introduce pricing factsheets, set voluntary minimum standards for Price Comparison Services and establish compulsory use of an average cost indicator (the Energy Cost Index).

The purpose of the proposals was to try to ensure that all customers, including those who are fuel poor, have access to good quality information to enable them to make informed decisions about the choice of prices and suppliers available in the market.

## Work carried out

This document reviews the work that Ofgem has carried out since February 2000. It has:

- ◆ published pricing factsheets every two months since June 2000. These enable customers to work out who is their cheapest supplier;
- ◆ issued guidelines for minimum standards that commercial Price Comparison Services should meet. Two Internet Price Comparison Services have since met the specification;
- ◆ commissioned the compilation of Energy Cost Indices – these reflect a supplier's average price; and
- ◆ carried out market research to find out more about customers' attitudes to comparing prices. The research used the pricing factsheets, Price Comparison Services and suppliers' own literature; it also tested attitudes to an Energy Cost Index.

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<sup>1</sup> "Comparing Electricity and Gas prices. A Consultation Paper" published 14/02/00 is available from Ofgem's website ([www.Ofgem.gov.uk](http://www.Ofgem.gov.uk)). In this paper, the word "domestic" includes designated electricity customers.

## **Final proposals**

The results of the market research indicate that customers' key need is to be made aware that independent price comparison information is available. Once they are provided with the information, most feel more confident about comparing prices. Customers are enthusiastic about the pricing factsheets and Internet Price Comparison Services.

Ofgem considers that the provision of comparative pricing information is essential to ensure that customers are well informed and confident about making decisions about whether or not to change their gas or electricity supplier. Ofgem will therefore continue to publish the pricing factsheets and monitor compliance with its guidelines for Price Comparison Services. If, in the future, energywatch (the new gas and electricity consumer body) wishes to agree a date when it can assume responsibility for this work then Ofgem will arrange a smooth handover to it.

The market research highlighted concerns about the accuracy of an Energy Cost Index. Although customers support the concept of an average cost indicator, in practice the Energy Cost Index did not help them to compare prices. Given the variety of customer requirements in the gas and electricity markets, any simple and workable ECI would produce unreliable guidance for substantial groups of customers. Ofgem has therefore decided that it will not pursue development of an Energy Cost Index. energywatch supports Ofgem's decision but it may in the future consider investigating this issue further.

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# 1. Introduction

## *Purpose of this document*

- 1.1 This document reviews the work that Ofgem has carried out to make it easier for gas and electricity customers to compare prices. Using the results of market research, it assesses the effectiveness of the various forms of comparative pricing information that are available.
- 1.2 This document outlines the results of market research that Ofgem commissioned to examine customers' attitudes to comparative pricing information. This found that customers find Ofgem's pricing factsheets helpful in comparing prices because they provide price information for all suppliers. Internet Price Comparison Services are also considered helpful because they remove the need for customers to carry out their own calculations. The Energy Cost Index (which would attempt to standardise suppliers' price information) was not found to be particularly helpful to customers. Results of the market research have been published in conjunction with this paper<sup>2</sup>.
- 1.3 Ofgem will continue to produce the pricing factsheets and monitor Price Comparison Services. This document explains why Ofgem has decided that it will not pursue the development of an Energy Cost Index.
- 1.4 The document also recommends that:
  - ◆ suppliers should review their procedures to ensure that their sales agents provide pricing information to customers on request;
  - ◆ suppliers should consider how they could give customers accurate information about their annual consumption so that customers do not have to rely on finding their previous bills; and
  - ◆ the industry should consider how best to make tariff<sup>3</sup> information available to Price Comparison Services.

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<sup>2</sup> "Attitudes to Price Information. Qualitative and Quantitative Research".

<sup>3</sup> The words "tariff" and "price" are used inter-changeably in this document. Tariff does not have the same meaning here as it does in electricity licences

## ***Rationale***

- 1.5 Ofgem believes that better informed customers will enhance the competitive market. All customers, including those who are fuel poor, should have access to good quality information to enable them to make informed decisions about the choice of prices and suppliers available in the market.
- 1.6 The Electricity Act 1989 and the Gas Act 1985 make no direct provisions for the way in which suppliers display pricing information, although they are required by their licences to make information available to anyone who requests it. Market research carried out for Ofgem in 1999<sup>4</sup> indicated that a significant minority of customers who had received information on price and payment terms found it difficult to compare prices. The main problem was that the information was either unclear or confusing. Further market research shows that most customers do not know how many suppliers there are who supply in their area.
- 1.7 Ofgem believes that the pricing information used by many suppliers on promotional material can be complex and not presented in a way that facilitates ready comparison between different tariffs and different suppliers. This is likely to discourage customers from comparing prices, with the result that fewer customers switch to cheaper options, or that customers may switch to less suitable tariffs. Recent research by the National Audit Office (NAO) (see paragraph 2.10) indicates that many customers who have switched could save more money if they switched again. Some of this may be due to the fact that customers have chosen suppliers who do not offer the cheapest prices, although some may have chosen their supplier for reasons other than price.
- 1.8 Ofgem considers that the provision of comparative pricing information is essential to ensure that customers are well informed and confident about participating effectively in the newly developed competitive gas and electricity markets.

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<sup>4</sup> "Electricity and Gas Competition Review – Research Study Conducted for Ofgem" published 19/01/00

- 1.9 The Utilities Act 2000 (the Act) sets the Gas and Electricity Markets Authority (the Authority) a new principal objective: to protect the interests of consumers, wherever appropriate by promoting effective competition<sup>5</sup>.
- 1.10 The Act also established an independent Gas and Electricity Consumer Council (energywatch). The Council has the function of making proposals, or providing advice and information, about consumer matters and representing the views of consumers on such matters<sup>6</sup>.
- 1.11 During 2000 Ofgem carried out work to provide independent comparative pricing information for customers. It published pricing factsheets every two months from June onwards, set voluntary minimum standards for independent Price Comparison Services and tested a prototype Energy Cost Index on customers.
- 1.12 Since June 2000 147,930 factsheets have been sent to customers. In addition between October 2000 and February 2001 a total of 221,539 were downloaded from Ofgem's website.
- 1.13 The cost of producing and printing the factsheets from June 2000 to April 2001 will be in the region of £65,000. This was allocated from Ofgem's budget for 2000/2001.
- 1.14 Ofgem wants to ensure that work on comparative pricing meets the needs of all customers in a cost-effective way. Independent information will complement suppliers' own pricing literature and marketing activities. Ofgem will therefore continue to publish the pricing factsheets. If, in the future, energywatch wishes to agree a date when it can assume responsibility for this work then Ofgem will arrange a smooth handover to it.

### ***Background***

- 1.15 In February 2000 Ofgem published a consultation document "Comparing Electricity and Gas Prices"<sup>7</sup> (the February 2000 consultation document). Using the results of market research, it explained the problems that customers had

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<sup>5</sup> Utilities Act 2000, s9 and s13

<sup>6</sup> Utilities Act 2000, s19(1)

<sup>7</sup> "Comparing Electricity and Gas prices. A Consultation Paper" published 14/02/00



experienced when trying to compare different suppliers' prices. It concluded that the way prices were displayed by suppliers constrained customer choice. The document suggested three main ways in which comparative pricing information could be improved:

- ◆ re-establish publication of Ofgem's pricing factsheets (they had not been published since October 1999);
- ◆ establish a voluntary code for minimum standards that commercial Price Comparison Services should meet;
- ◆ introduce an Energy Cost Index that all suppliers would have to use when making price comparisons with other suppliers' prices.

1.16 Ofgem received forty responses to the consultation document (a list of respondents is at Annex 1). In general both suppliers and consumer groups considered that the pricing factsheets would help customers compare prices. Some concerns were expressed about the accuracy and independence of Price Comparison Services. The majority of suppliers considered that customers would find an Energy Cost Index confusing; similar concerns were expressed by some consumer groups but there was general support from them for any measures that might help customers compare prices.

### ***Ofgem's work since February 2000***

- 1.17 After considering the responses, Ofgem decided that it was appropriate to re-start publication of the pricing factsheets. These have been published every two months since June 2000.
- 1.18 In October (following further consultation) Ofgem published a voluntary code setting out minimum standards that commercial Price Comparison Services should meet. By January 2001, two companies (unravelit.com and uSwitch.com) were able to meet the specification.
- 1.19 Ofgem recognised the concerns expressed about the Energy Cost Index and decided that further work was needed to establish whether it would be an effective way to help customers compare prices. We therefore commissioned the compilation of a variety of Energy Cost Indices. These, and other types of

comparative pricing information, were then subjected to market research by MORI using focus groups and an Omnibus survey. (Focus groups are discussion groups of around 8 – 10 customers. A MORI representative explains the purpose of the research to customers and guides the subsequent discussion and practical exercises. In an Omnibus survey MORI representatives carry out a door to door questionnaire on a representative sample of the population.)

1.20 The results of the market research have been published in conjunction with this document<sup>8</sup>. Key findings include:

- ◆ there is still some confusion over how to compare domestic energy prices, even among switchers. Some suppliers may be exacerbating this situation by presenting price comparisons in a limited and partisan fashion;
- ◆ the key overriding need is for customers to be informed of the existence of sources of independent comparative pricing information, and be directed towards them;
- ◆ Ofgem's factsheets and the Internet Price Comparison Services are warmly received on the whole, despite some criticism of the detail of each. Respondents see them as having the potential to empower customers and instantly improve their understanding of the market; and
- ◆ any proposal for an Energy Cost Index is unlikely to be effective in helping customers compare prices. Customers who have already switched supplier tend to find it too vague and generalised, and even misleading. Those who have not switched tend to approve of its simplicity, but frequently do not really understand it when they attempt to use it.

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<sup>8</sup> "Attitudes to Price Information. Qualitative and Quantitative Research"

### ***Structure of this document***

1.21 The rest of this document is structured in the following way:

Chapter 2 provides general background information, setting out the current regulatory and legal positions on suppliers' pricing information. It outlines some recent developments in the competitive market and gives some examples of the different pricing structures currently available.

Chapter 3 describes Ofgem's work on the pricing factsheets, including details of the market research carried out during December 2000 and January 2001.

Chapter 4 gives details of Ofgem's work on Price Comparison Services, including details of the market research carried out during December 2000 and January 2001.

Chapter 5 explains the background to the Energy Cost Index (ECI). It outlines the rules used by Ofgem's contractor in calculating various indices and highlights some potential problems with its accuracy. It provides results of customers' attitudes to the ECI from market research carried out during December 2000 and January 2001.

Chapter 6 summarises the work that Ofgem will carry out in the future.

The Annexes provide further background information on specific items in this document.

1.22 If you have any queries concerning this document Jay Thakar (020 7901 7233) or James Richardson (020 7901 7027) will be pleased to help.

## 2. Background

- 2.1 This chapter explains the legal and regulatory framework that is relevant to the work that Ofgem has carried out on making price comparisons easier.

### *Regulatory and legal framework*

#### **Utilities Act 2000**

- 2.2 The Utilities Act 2000 (“the Act”) sets the Gas and Electricity Markets Authority (“the Authority”) a new principal objective: to protect the interests of consumers, wherever appropriate, by promoting effective competition<sup>9</sup>.

#### **Licences**

- 2.3 Although the Authority has no direct powers to tell suppliers how to present pricing information to customers, the electricity and gas supply licences set a number of obligations on designated and domestic suppliers (see Annex 2 for further explanation and details):
- ◆ they must publish an accurate summary of the principal terms of their domestic supply contracts in a way that the supplier considers will secure adequate publicity for them;
  - ◆ all suppliers must send copies of their main terms and conditions (including price) to any person who requests them;
  - ◆ suppliers must offer a range of payment options; and
  - ◆ suppliers must ensure that their sales agents have a sufficient understanding of their prices and other terms of supply so that any relevant advice given by them to domestic customers is not misleading.

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<sup>9</sup> Utilities Act 2000, s9(1) and s13(1)

## **Self-regulation**

- 2.4 The Association of Energy Suppliers (an organisation that represents many gas and electricity suppliers) requires their members' sales agents to leave price information with customers whenever they request it.
- 2.5 The Advertising Standards Authority (ASA) is the independent self-regulatory body for non-broadcast advertisements in the UK. It administers the British Codes of Advertising and Sales Promotion. The basic principles of the Codes are that advertisements should be:
- ◆ legal, decent, honest and truthful;
  - ◆ prepared with a sense of responsibility to consumers and to society; and
  - ◆ in line with the principles of fair competition generally accepted in business.
- 2.6 The ASA's Committee of Advertising Practice writes and enforces the Codes. It has recently issued a revised "Help Note on Price Claims in Utilities Advertising" (see Annex 3). This is intended to help advertisers interpret the rules in the Codes as far as they relate to utilities. They are not legal advice or new Codes and do not bind the ASA in the event that a complaint is made about an advertisement.
- 2.7 The Help Note recommends, amongst other things, that:
- ◆ "average consumption figures quoted in advertisements should be based on up to date industry recognised figures (ie those used by Ofgem)"; and
  - ◆ "consumption figures alone should not be used to qualify that a claim applies to consumers with low, average or high consumption" since they may not be aware what annual usage this represents.

## ***Customers' experience of the competitive market***

- 2.8 Domestic customers have been able to choose a gas supplier other than British Gas since the market opened in phases between April 1996 and May 1998. Designated electricity customers, including domestic and small business

customers, have been able to choose an electricity supplier other than their host Public Electricity Supplier since the market opened in phases between September 1998 and May 1999. As of November 2000, there were 16 active licensed domestic gas suppliers and 13 active licensed designated electricity suppliers in Great Britain.

### **MORI survey**

2.9 In 2000 Ofgem commissioned MORI to undertake a survey of customers' attitudes to the development of gas and electricity supply competition. MORI interviewed a representative sample of 2,238 electricity and gas customers in Great Britain during September and October 2000. Ofgem has recently published the full results of the survey<sup>10</sup>. The findings that are relevant to this document show that:

- ◆ 87% of those interviewed were aware that British Gas/ Scottish Gas supplied gas in their area. 61% were aware that British Gas/ Scottish Gas supplied electricity in their area. The next most recognised supplier was Powergen, with 34% of customers aware that it supplied electricity, and 19% that it supplied gas in their area. Only 2 other suppliers were known by more than one fifth of interviewees as a supplier of gas or electricity in their area;
- ◆ 29% of gas customers and 19% of electricity customers had changed, or signed a contract to change, supplier;
- ◆ "cheaper prices" was the most common reason for customers switching supplier, with 76% of electricity and 77% of gas switchers stating that price was one of the main reasons for switching supplier. About 70% of non-switchers said that if they were to switch, price would be a main consideration. Half of all customers said they thought that new entrants to the electricity and gas supply markets offered similar or lower prices than the incumbent suppliers; and

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<sup>10</sup> 'Experience of the competitive market - the domestic electricity and gas markets: research study conducted for Ofgem by MORI' is available on the Ofgem website at [www.ofgem.gov.uk](http://www.ofgem.gov.uk)

- ◆ 60% of interviewees had not received any information about the gas and electricity prices that the various suppliers are currently charging. Of those that had seen or heard pricing information, 41% found it very easy or fairly easy to compare prices across the various suppliers and 33% found it very difficult or fairly difficult.

### **National Audit Office report**

- 2.10 The National Audit Office (NAO) estimates that domestic electricity customers' electricity bills have fallen by £750 million a year since competition began<sup>11</sup>. By June 2000 domestic gas customers' bills had fallen by around £1 billion a year since competition started. The report says that around 6.5 million customers have switched electricity supplier and that customers are continuing to switch at a rate of 139,000 a week. It says that a similar number have switched gas supplier and that customers are continuing to switch at 57,000 a week. The NAO says that prices offered by Public Electricity Suppliers have fallen by an average of 8% since 1998 and their customers could make further savings of as much as 13% if they decided to switch to a competitor; gas customers can benefit from savings ranging from 14 to 20%.
- 2.11 The NAO report estimates that 88% of the customers who have already switched could save a further £103m between them if they switched again. This is because:
- ◆ although customers may have chosen the best price at the time they switched, cheaper offers are now available; or
  - ◆ some customers switched on criteria other than price; or
  - ◆ some customers did not shop around for the best deal at the time they switched.
- 2.12 The NAO considered that the range of tariffs and services available has made it harder for customers to compare prices. It considered that Ofgem should continue to look at the feasibility of requiring suppliers to disclose prices in a

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<sup>11</sup> The NAO report, 'Office of Gas and Electricity Markets: giving customers a choice of electricity supplier' HC 85 was published on 5 January 2001. It is available on the NAO website at [www.nao.gov.uk](http://www.nao.gov.uk) and can also be obtained from the Stationary Office on 0845 702 3474.

standard format. It also recommended that Ofgem and energywatch should consider raising the profile of the comparative price information.

### ***Prices and related offers***

- 2.13 In the domestic gas market most customers can currently attract a range of competitive offers compared to British Gas' tariffs. Other suppliers offer discounts of up to 15% for direct debit, 21% for other credit payment methods and 13% for prepayment<sup>12</sup>. In the domestic electricity market there is a similar range of competitive offers compared to the local Public Electricity Supplier's tariffs. Depending on where a customer lives, suppliers may offer discounts on standard credit tariffs of up to 17% for direct debit, up to 14% for other credit payment methods and up to 7% for prepayment . Recently announced gas and electricity price changes may alter these amounts but it seems likely that many suppliers will still be cheaper than British Gas (for gas) and the host Public Electricity Supplier (for electricity).
- 2.14 The gas and electricity markets continue to be characterised by increased innovation in the range of payment methods and complementary products offered by suppliers. There are currently around 450 gas tariffs and over 2,500 electricity tariffs<sup>13</sup> available. Some of the different types of tariff are:
- ◆ electricity customers can choose between a standard credit tariff or an Economy 7 tariff that offers lower price electricity at certain times of the day;
  - ◆ some suppliers have standing charges, others do not; some have both standing charge and no standing charge options. Unit prices (the price in pence per kWh) vary depending which option is chosen;
  - ◆ some suppliers charge more for the first tranche of units supplied. Where this option is available, the number of units and the price per unit varies between suppliers;

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<sup>12</sup> This discount is available on Southern Electric's Equigas tariff, which charges the same amount irrespective of customers' payment methods. The next best discount against BGT's tariff is 1.8%

<sup>13</sup> For instance each supplier may have different prices for each of 14 regions, several payment methods and a choice of Economy 7 or standard



- ◆ many suppliers now offer both gas and electricity (dual fuel) and some offer discounts for taking both fuels. However, while customers might find it convenient to buy both fuels from the same supplier, it is often not the cheapest way to buy gas or electricity;
- ◆ some suppliers offer affinity deals through third party agents such as newspapers, credit card companies, Internet companies and others. These may offer prices that are cheaper than the supplier's own prices but they may not be the cheapest prices available;
- ◆ some suppliers offer tariffs with benefits such as supermarket loyalty points, Air Miles or gift vouchers;
- ◆ many suppliers provide the option to operate customers' accounts via the Internet and offer prices reductions for doing so;
- ◆ some suppliers offer "green" tariffs in which a percentage of the energy is provided from renewable sources. These might be combined with, for instance, an Economy 7 tariff;
- ◆ some suppliers charge different prices depending on the region of the country a customer lives in; and
- ◆ in addition to the range of tariffs available, suppliers offer a range of payment methods including cash, cheque, direct debit (monthly or quarterly), regular payment schemes and pre-payment meters. Typically, unit charges for both gas and electricity are lowest for customers who pay by direct debit and highest for those who use a pre-payment meter.

2.15 While the range of tariffs is a sign of innovation, it may increase the difficulty for customers who want to compare prices.

### ***Customers' attitudes to price information***

2.16 Market research carried out for Ofgem in 1999 and 2000<sup>14</sup> indicated that customers were experiencing difficulties comparing suppliers' prices. Concerns

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<sup>14</sup> "Electricity and Gas Competition Review – Research Study Conducted for Ofgem" published 19/01/00

"Experience of the competitive market - the domestic electricity and gas markets: research study conducted for Ofgem by MORI" published January 2001

were also expressed in response to Ofgem's February 2000 Consultation Document about whether an Energy Cost Index (showing a supplier's average cost) would be useful to customers. Ofgem therefore commissioned MORI in November 2000 to carry out specific market research into customers' attitudes to different types of comparative pricing information (pricing factsheets, Internet Price Comparison Services, suppliers' pricing information and the Energy Cost Index). The market research used six standard focus group discussions (three groups of customers that had previously switched supplier and three groups of non-switchers of which one was solely pre-payment meter or budget plan customers). There were also four Internet Café focus groups (two switchers and two non-switchers). The focus groups took place between 18 December 2000 and 10 January 2001. In addition, MORI also carried out 1,691 face to face interviews (an Omnibus survey) with bill payers in 194 sampling points throughout Great Britain between 4 – 8 January 2001. Detailed results of the survey have been published in conjunction with this document<sup>15</sup>.

2.17 The following chapters of this document analyse the results of the findings for the specific areas of the project. However generic points of interest are:

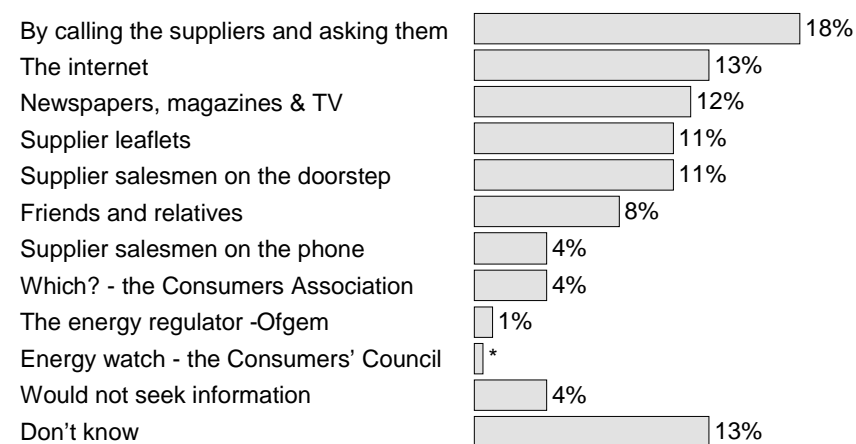
- ◆ there is still some confusion over domestic energy prices, even among switchers. Suppliers may be exacerbating this situation by presenting price comparisons in a limited and partisan fashion;
- ◆ customers obtain most of their pricing information from suppliers:

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<sup>15</sup> "Attitudes to Price Information. Qualitative and Quantitative Research"

## Information Sources Likely to be used - Spontaneous

Q *If you were to switch either supplier (again) where would you seek information on the prices charged by suppliers?*

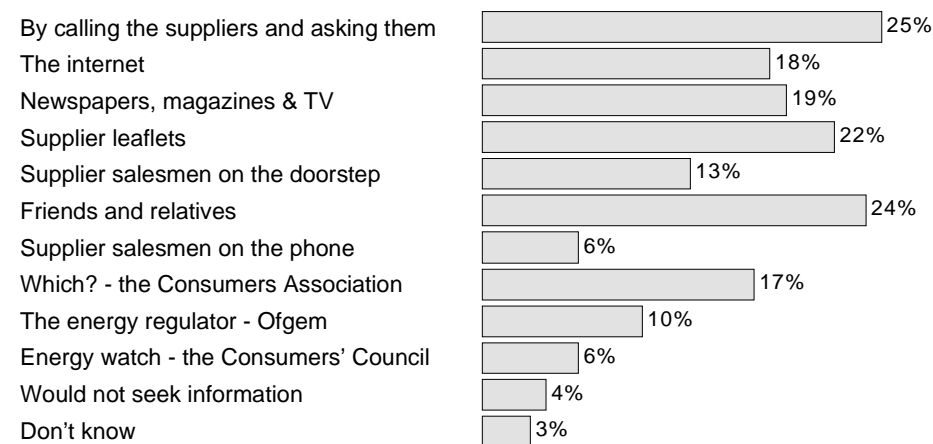


Base: All bill payers (1,691)

Source: MORI

## Information Sources Likely to be used - Prompted

Q *If you were to switch either supplier (again), from which of these sources, if any, would you seek information on the prices charged by different suppliers?*



Base: All bill payers (1,691)

Source: MORI

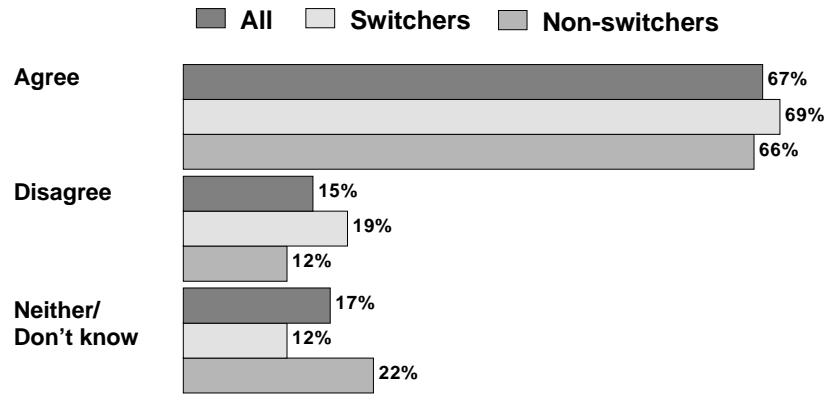
- ◆ the key overriding need is for customers to be informed of the existence of sources of independent comparative pricing information, and directed towards them;

- ◆ Ofgem's factsheets and the various Internet sites are warmly received on the whole, despite some criticism of the detail of each. Respondents see them as having the potential to empower customers and instantly improve their understanding of the market;
- ◆ many customers feel more likely to consider switching after seeing this information, which is more wide ranging and comprehensive than anything they have seen before;
- ◆ any proposal for an Energy Cost Index is unlikely to be effective in helping customers to compare prices. Customers who have already switched supplier tend to find it too vague and generalised, and even misleading. Those who have not switched tend to approve of its simplicity but frequently do not really understand it;
- ◆ the focus groups established that customers' motivation for switching supplier is based on the belief that they will save money, even though switching decisions are often made with very little information. Most of those who had switched supplier did so on the basis of vague claims about annual savings in pounds. Of those who have not switched supplier, lack of reliable price comparison information is one reason. There is virtually no knowledge (either by switchers or non-switchers) of any comprehensive sources of comparative price data;
- ◆ over 65% of customers interviewed in the Omnibus survey agreed that it is very confusing to work out how much you would have to pay with a new supplier:

## Price Information is Confusing

Q *I'm going to read out some statements people have made about prices and switching suppliers. For each one can you tell me to what extent you agree or disagree with it?*

*It is very confusing working out how much you would have to pay with a new supplier*



Base: All bill payers (1,691)

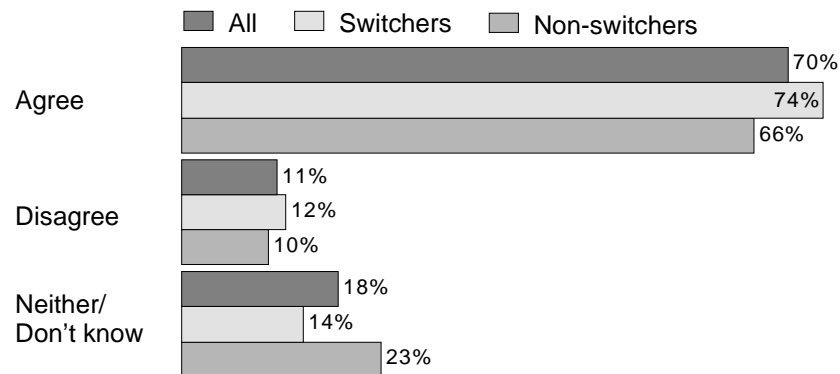
Source: MORI

- ◆ although 70% of customers said that they always like to see details of unit prices and standing charges so that they can work out exact price comparisons, nearly as many would be content with an official list showing broadly which companies are the cheapest on average without having to work out exact amounts:

## Type of Price Information Required - Unit Prices

Q *I'm going to read out some statements people have made about prices and switching suppliers. For each one can you tell me to what extent you agree or disagree with it?*

*I always like to see unit prices and standing charges so I can work out exact price comparisons myself*



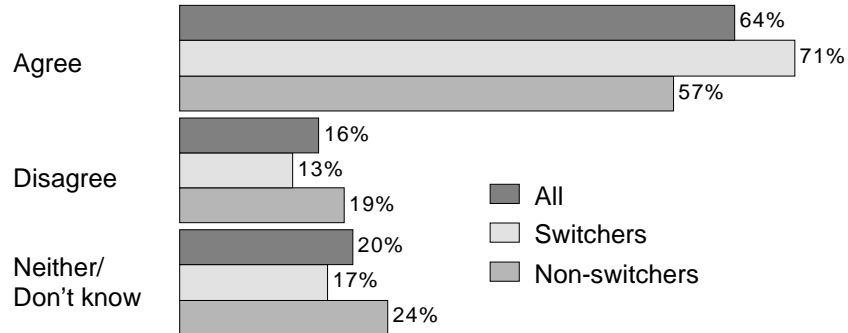
Base: All bill payers (1,691)

Source: MORI

## Type of Price Information Required - Broad Comparisons

Q *I'm going to read out some statements people have made about prices and switching suppliers. For each one can you tell me to what extent you agree or disagree with it?*

*It would be enough for me if there was simply an official list showing broadly which companies are cheapest on average for people like me - I don't need to work out exact amounts*



Base: All bill payers (1,691)

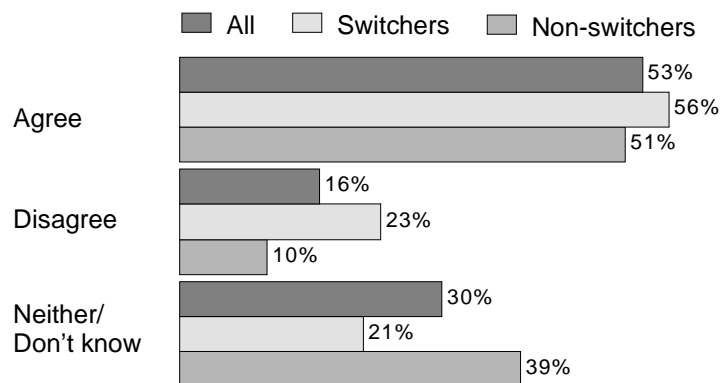
Source: MORI

- ◆ more than half of those interviewed in the survey agreed that electricity and gas sales agents were reluctant to provide printed information about their prices:

## Reluctance to Give Printed Information

Q *I'm going to read out some statements people have made about prices and switching suppliers. For each one can you tell me to what extent you agree or disagree with it?*

*Electricity and gas salesmen are reluctant to give you printed information on their prices*



Base: All bill payers (1,691)

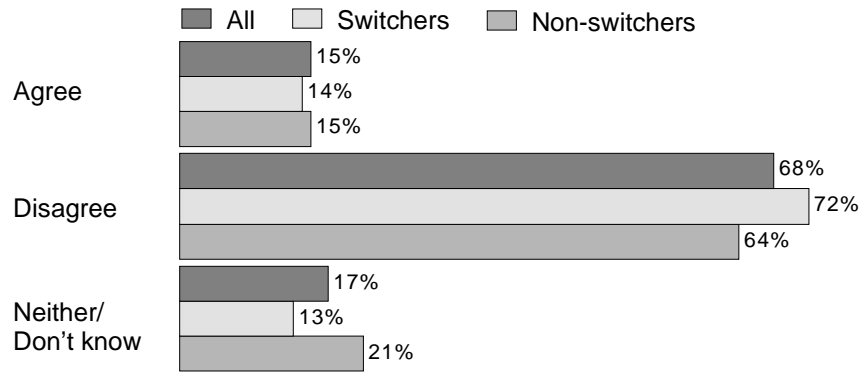
Source: MORI

- ◆ additional incentives such as Air Miles or supermarket points are not important when deciding which company to switch to. Only 15% of customers agree that this is important:

### Value of Incentives

Q *I'm going to read out some statements people have made about prices and switching suppliers. For each one can you tell me to what extent you agree or disagree with it?*

*Additional incentives like Air Miles or supermarket points are important when deciding which company to switch to*



Base: All bill payers (1,691)

Source: MORI

### 3. Pricing Factsheets

- 3.1 This chapter reviews Ofgem's work producing comparative pricing factsheets for gas, electricity and dual fuel.

#### *Background*

- 3.2 Shortly after the gas market opened in the South West of England in 1996, it became clear that some customers found it difficult to compare the various prices on offer. Ofgas therefore made arrangements for the production of price comparison factsheets showing price comparisons for an average consumption level. These were sent to all customers who contacted Ofgas and requested information about how to compare prices. In preparation for the competitive market start up in electricity in 1998, OFFER produced a range of similar material comparing the prices offered by competing suppliers in each of the 14 Public Electricity Suppliers' areas. The contract for the production of these factsheets ended in October 1999.

#### *February 2000 consultation document*

##### **Proposals**

- 3.3 In February 2000, Ofgem proposed that comparative pricing information of the type provided in the factsheets should be available to customers and that they should be extended to include dual fuel to recognise the fact that many suppliers now offer this.

##### **Responses**

- 3.4 In responding to the consultation, there was widespread support from suppliers and consumer organisations for the continuation of the factsheets. Many respondents suggested that more should be done to publicise them. Suggestions included sending them to advice centres, libraries and Post Offices and making price information generally available on the Internet and by telephone. Some respondents considered that the Gas and Electricity Consumers' Council (now called energywatch) should take over responsibility for publishing the factsheets in the future.



- 3.5 Concerns were expressed that the factsheets could become out of date. Respondents also questioned whether standard consumption levels would be helpful to customers, particularly where suppliers have introduced tariffs that are specifically targeted at customers with low or high consumption levels. Some queried whether the factsheets should include information about non-price factors (such as standards of service and incentives) and were concerned that customers would focus solely on price when considering which supplier to switch to.

### ***Recent developments***

#### **Current factsheets**

- 3.6 Following a competitive tender process, a contract was awarded to unravelit.com in May for the production of factsheets for gas, electricity and dual fuel every two months from June 2000 to April 2001. This interval was considered reasonable to minimise the possibility that the factsheets would become out of date as suppliers' prices changed. One gas factsheet covers England, Scotland and Wales. Those for electricity and dual fuel are divided into Public Electricity Supplier regions to reflect most suppliers' approach to pricing.
- 3.7 Examples of the current factsheets are at Annex 4. On the front of each factsheet is a general comparison of all suppliers' prices for small, medium and large consumption levels for three payment methods (standard credit, direct debit and pre-payment). The medium gas consumption level (19,050kWh a year) is the national annual average for standard credit and direct debit customers; for customers with a pre-payment meter, the figure is 12,300kWh. All figures are those used in Ofgem's 2000 review of competition in the electricity market<sup>16</sup>. Comparisons are based on the assumption that customers are still with British Gas (for gas prices) or their Public Electricity Supplier (for electricity prices). This enables customers to get a general idea of which suppliers could save them money.
- 3.8 The complexity of suppliers' tariffs means that the factsheets can, in practice, only provide a broad guide based on these consumption levels. Details of the

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<sup>16</sup> Review of the Development of Competition in Domestic Gas and Electricity Supply" Ofgem December 2000

standing and unit charges for these tariffs are shown inside the factsheets. This enables customers to calculate more accurately what their annual bill is likely to be using their individual annual consumption level and the price offered by their chosen supplier.

- 3.9 Findings from previous market research for Ofgem indicated that price was the main factor that drove customers to switch supplier. For this reason, and to try to keep the factsheets as straightforward as possible, information about service standards and incentives such as Air Miles are not included.
- 3.10 The process of compiling the tariff information used on the factsheets has to be both stringent and comprehensive to ensure that they are as accurate as possible when they are published. [unravelit.com](http://unravelit.com) therefore contacts each domestic supplier to obtain the tariffs used on the factsheets. This information is entered into a spreadsheet. It is then sent back to each supplier to check and confirm that the data is correct. Only after this has happened is it transferred to the appropriate factsheet. Suppliers have been helpful and responsive in ensuring that the information is checked quickly to enable production deadlines to be met.
- 3.11 Between June and October, factsheets were available from Ofgem's helpline as well as on its website. From November energywatch has been responsible for sending factsheets to customers who ring its enquiry line (although at the moment Ofgem remains responsible for the compilation and publication of the factsheets). In addition information about the factsheets has been sent by Ofgem to various agencies including Citizens Advice Bureaux, Post Offices and money advice organisations. Since June 147,930 pricing factsheets have been sent to customers. In addition between October 2000 and February 2001 a total of 221,539 factsheets were downloaded from Ofgem's website.
- 3.12 The number of queries about the factsheets has been extremely low (around 30 in total since June 2000) compared to the number of factsheets sent out and downloaded. The majority of these queries have been from customers who have received incorrect price information from suppliers.

## **Customer questionnaire**

- 3.13 In order to gauge customers' views on the usefulness of the factsheets, Ofgem issued a questionnaire (see Annex 5) with each set of the pricing factsheets sent to customers during November. Ofgem recognises that this type of survey is not as rigorous as properly conducted market research (for example the sample is not controlled) but considers that it is nevertheless helpful as a means of obtaining feedback from customers who have used the factsheets.
- 3.14 Ofgem received around 450 completed questionnaires. A full set of results is at Annex 6, but key points to note are:
- ◆ around 85% of customers who responded to the questionnaire found the factsheets "very easy" or "quite easy" to understand. Nearly 60% plan to change supplier as a result of using the factsheets; only 20% said they would not change;
  - ◆ most of those using the factsheets used their last four bills to calculate their annual consumption. Even so, around 90% of them said that it would be helpful to have their total annual consumption and cost on their current bill; and
  - ◆ most customers who responded to the questionnaire found out about the factsheets from newspaper or "Which?" articles.

## **Attitudes to price information**

- 3.15 The market research carried out by MORI in December 2000 and January 2001 covered customers' attitudes to the pricing factsheets. The focus groups and Internet groups were all given examples of the relevant factsheets for their area.
- 3.16 MORI found that customers were "cautiously enthusiastic" about the factsheets. In particular, they immediately told customers two things they were not previously aware of:
- ◆ how many and which suppliers were active in their area; and
  - ◆ the savings that could be made by switching supplier were bigger than most of them expected.

- 3.17 Almost all customers were able to work out their cheapest supplier from the front page of the factsheet. A majority said that they would be able to calculate their own specific cost using the tables inside. However, most envisaged using the factsheet to get an initial impression of who might be the cheapest supplier but would then telephone the company to check. (The factsheets advise customers to check with their chosen supplier to ensure that its prices have not changed.)
- 3.18 Some customers in the focus groups commented on the complexity of the tariffs. Others considered that the small print was confusing, as was the fact that some suppliers' prices vary by region. Customers in the pre-payment/budget plan focus group considered that the annual figures had little meaning for them; their preference would be to have the savings expressed on a weekly basis. However, MORI commented that most of the customers asked to take the factsheets home with them at the end of the focus groups.
- 3.19 Suggested improvements to the factsheets include:
- ◆ non-switchers would like information about how to switch and some Frequently Asked Questions;
  - ◆ providing information about suppliers;
  - ◆ giving a worked example in the "calculating your bill section"; and
  - ◆ a minority wanted service rating information and information about non-cash offers such as Air Miles and supermarket points.

### *Discussion*

- 3.20 Ofgem believes that the market research shows the importance of publicising the factsheets. Since the first factsheets were published in June, Ofgem has publicised the factsheets widely, particularly in local newspapers and money advice pages. They have also been publicised on radio and television.
- 3.21 The research indicates that the factsheets help customers compare gas and electricity prices. Although the factsheets may look complicated, Ofgem has in addition to the market research received positive feedback from customers and

consumer groups about them. It is clear that there is a strong demand from customers for such information and that they do encourage switching.

- 3.22 Ofgem recognises that a lot of detail about individual tariffs is provided inside the pricing factsheets. We understand that not all customers will want to work out their current consumption (indeed many may not have their most recent four bills available to enable them to do so). All customers recruited for the focus groups were able to bring along their annual expenditure on energy, as they were asked to do. However, very few were able to go further and work out their annual consumption as well. Because of the range of prices available, annual expenditure does not always provide an accurate means of comparing competing suppliers' like for like prices.

### ***Decision***

- 3.23 Ofgem considers that the provision of comparative pricing information is essential to ensure that customers are well informed and confident about making decisions about whether or not to change their gas or electricity supplier. Ofgem will therefore continue to publish the pricing factsheets. If, in the future, energywatch wishes to agree a date when it can assume responsibility for this work then Ofgem will arrange a smooth handover to it.
- 3.24 Ofgem realises that many customers need more information about the competitive market. Ofgem already provides factsheets about issues such as how to change supplier, contract information and moving home. It also provides information on its website about the number and types of complaint made against each supplier. We are also working with Help the Aged and energywatch to ensure that the benefits of switching are more widely understood by groups who would benefit significantly, including older people and those on low incomes.
- 3.25 Nevertheless, further publicity is needed and Ofgem will continue to work to improve customers' awareness of competition and the savings that can be made by switching supplier. We will consider the most cost effective way of publicising the factsheets.

- 3.26 Ofgem will consider the balance between the amount of information on each factsheet and the ease with which customers can use them when deciding whether there should be any changes to them.
- 3.27 Ofgem believes that suppliers should consider how to give customers accurate information about their annual consumption so that customers do not have to rely on finding their previous bills.

## 4. Price Comparison Services

- 4.1 This chapter reviews the work carried out by Ofgem to specify minimum standards that should apply to Internet, telephone and postal Price Comparison Services.

### *Background*

- 4.2 Following the introduction of competition in the gas and electricity markets, a number of commercial organisations have developed services to try to help gas and electricity customers compare prices. Some of these have been postal services, some have operated a telephone-based service and some have been Internet Price Comparison Services. Some suppliers also offer website calculators but these do not normally compare prices for all suppliers.
- 4.3 Price Comparison Services typically ask a customer for their annual gas and/or electricity expenditure or consumption, their preferred payment method and their postcode. Using this information, the Price Comparison Service works out what it believes to be the cheapest supplier for that customer's needs.
- 4.4 Suppliers often pay commission to Price Comparison Services when customers switch. This is a cheaper way for suppliers to acquire new customers compared to paying doorstep sales agents. It is also likely to result in fewer problems for the supplier since customers will have actively chosen to switch in this way.

### *February 2000 Consultation Document*

#### **Proposals**

- 4.5 Ofgem's February 2000 consultation document predicted an increase in the number of Price Comparison Services. It did not consider that it was appropriate for Ofgem (in conjunction with suppliers) to provide its own Price Comparison Service in a reasonable timescale. Nor did there seem any need to do so since there were already a number of independent services operating on the Internet. Instead the document proposed that these services should comply with certain basic requirements in order that customers could have confidence that they were accurate and independent. The document proposed that the basic specification

should be developed in conjunction with suppliers and customer groups. It envisaged that Services that met the specification would have a link from the Ofgem website to their own. Ofgem would carry out limited monitoring of the Services that met the specification in order to ensure their continued reliability.

### **Responses**

- 4.6 Some respondents considered that Ofgem (or, in future, the Gas and Electricity Consumers' Council – now called energywatch) should provide its own Price Comparison Service. There was little support for an industry-funded Price Comparison Service. Some respondents said that if there was a demand for comparison services then the private sector would respond to that need. There was support for independent and free services but concern was expressed that existing Internet sites were not accurate; some respondents questioned whether they were independent of suppliers, although there was support for funding the sites by commission paid by suppliers. Some consumer groups considered that a telephone-based service would be useful given the relatively small number of customers with Internet access.

### ***Recent developments***

#### **Price Comparison Services**

- 4.7 Following publication of the consultation document, around 10 companies visited Ofgem to discuss their plans to set up Price Comparison Services.
- 4.8 In June 2000 Ofgem issued a draft specification to suppliers, customer groups and Price Comparison Services for minimum standards that such services should meet. Following consultation, the final version was published in October (see Annex 7). The specification covers a range of requirements including the need for the service to be independent of any energy supplier, the inclusion of all currently available tariffs from all suppliers, specific payment options and the need to produce accurate results for comparison. It does not stipulate that Price Comparison Services could not take commission from suppliers for referring customers, but does say that any commission must be made clear and must not influence the outcome of the comparison.



- 4.9 When a Price Comparison Service contacts Ofgem to say it believes that it meets the specification, Ofgem carries out a number of checks (including accuracy) to see whether in fact it does. Although the specification generated many enquiries from companies that had set up (or were trying to set up) their own Price Comparison Service, most have failed to meet the specification in its entirety. By far the most common reason for this was that the Price Comparison Services did not include any information about pre-payment tariffs. Many Price Comparison Services told Ofgem that this was because suppliers were very reluctant to provide pre-payment tariff information for this purpose and that none would pay commission to the Price Comparison Service in the event that a pre-payment customer switched using the Service.
- 4.10 Price Comparison Services also reported difficulties obtaining general tariff information from suppliers even though they are obliged by their licences to provide this information (see paragraph 1.6). This meant that it was difficult for Price Comparison Services to ensure that their Service was up to date and, therefore, accurate and compliant with Ofgem's specification.
- 4.11 In January 2001 two Internet Price Comparison Services (uSwitch.com and unravelit.com) met Ofgem's specification. Ofgem publicised their launch and both sites are now linked to Ofgem's website. Both companies have agreed to provide contact details so that customers can contact them direct. They provide links to some suppliers' websites so that customers that want to switch on-line can do so. Both provide some information about suppliers' unit costs.

#### **Attitudes to price information**

- 4.12 The market research carried out by MORI in December 2000 and January 2001 dealt specifically with Price Comparison Services. Four of the focus groups were carried out at Internet Cafés. Two groups were switchers and two were non-switchers. The groups looked at four websites including uSwitch.com and unravelit.com; all four groups also considered the pricing factsheets.
- 4.13 Overall reaction to the sites was very positive. Both switchers and non-switchers see it as the best way to cut through the complexity of price information. Many participants preferred them to the pricing factsheets, although some wanted both. There was some concern that the sites varied in their recommendations as

to which was the cheapest supplier, although it is possible that participants may have been confused by the varying methods of displaying the data.

4.14 The focus groups considered that it was important that there was a basic standard for Price Comparison Services and that any endorsement by Ofgem was featured prominently on the approved site. Nevertheless most users did not know where to find the sites on the Internet and many of the widely used search engines did not find them.

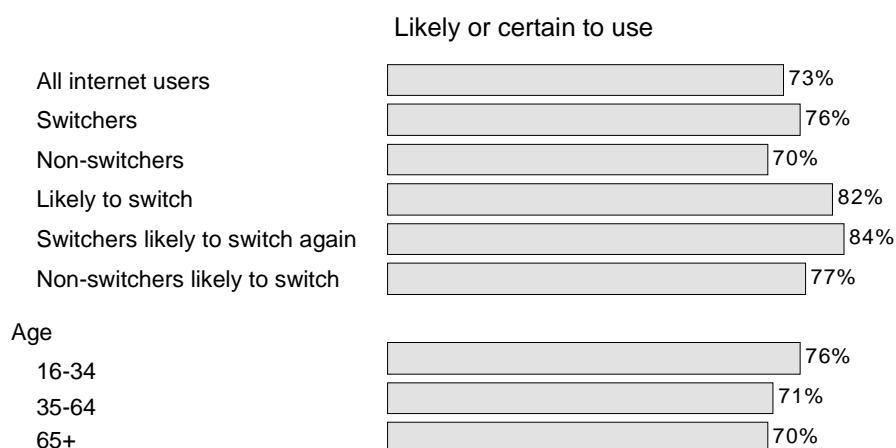
4.15 Suggested improvements from the focus groups include:

- ◆ the need for an endorsement from Ofgem to provide reassurance;
- ◆ publicity about the existence of Price Comparison Services that meet the specification;
- ◆ more information about suppliers and their unit costs;
- ◆ confirmation that a full list of suppliers has been included in the calculation;
- ◆ the facility to set the recommendation against a known benchmark such as a bill with British Gas or a local Public Electricity Supplier;
- ◆ a telephone number for enquiries; and
- ◆ direct links to suppliers' sites but without any compulsion to switch on-line.

4.16 In the larger "Omnibus survey" 550 bill payers said that they used the Internet. Over 70% of these said that, if they could be found easily, they would be likely or certain to use Internet websites for information on gas and electricity prices. For people who were likely to switch (or to switch again) the figure rose to over 80%:

### Likelihood of Using Web Sites

Q *Assuming you could easily find them, how likely would you be to use these web sites for information if you were considering switching (again)?*



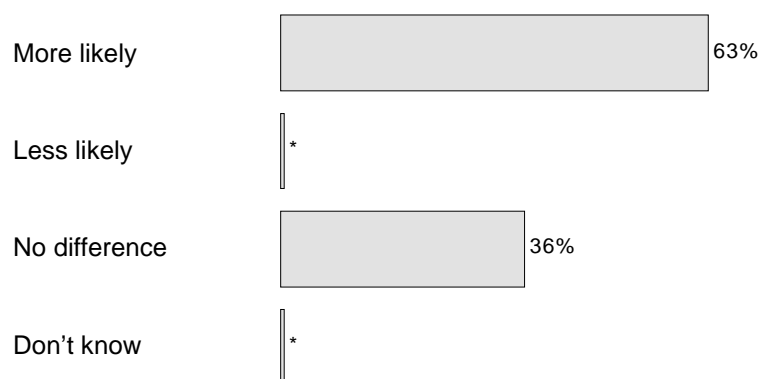
Base: All bill payers using internet (550)

Source: MORI

Over 60% of people would be more likely to use a website that was approved by Ofgem:

### Effect of Ofgem Endorsement

Q *And if one of the web sites was approved by Ofgem, would this make you more or less likely to use it, or would it make no difference?*



Base: All bill payers using internet (550)

Source: MORI

## *Discussion*

- 4.17 Ofgem does not consider that it is best placed to provide a Price Comparison Service. The time and investment needed to set up a site, obtain tariff information from all suppliers and program the comparison service to ensure that it is accurate for each customer's circumstances is considerable. We consider that the private sector can provide the appropriate level of innovation and investment needed to create successful comparison services for the energy sector. The fact that two Internet sites have now met Ofgem's specification for minimum standards confirms this approach.
- 4.18 Ofgem's specification is a voluntary code; it is not a "kitemark" system. Ofgem believes that high quality energy Price Comparison Services will be recognised as such without the need for a kitemarking procedure. Price Comparison Services that meet Ofgem's specification will, by definition, include all suppliers' prices in their calculations; but there is no requirement in the specification to display all suppliers' prices; Ofgem considers that this is a matter for the Price Comparison Service itself to decide when designing its site. Those that do list all suppliers will provide a direct comparison with British Gas or the local Public Electricity Supplier's prices. Information about suppliers and their unit prices is also a design consideration for the Price Comparison Service. Many provide the ability to switch on-line for those suppliers that pay them commission. There is no requirement to link to suppliers' websites because not all suppliers have their own site and, in general, those that do can be found fairly easily.
- 4.19 It is clear that Price Comparison Services do have problems getting pricing information from suppliers. On the other hand, suppliers may not have the resources to provide information to several Price Comparison Services on a regular basis. Ofgem believes that it would be of mutual benefit to both suppliers and Price Comparison Services if they worked together to produce a secure Internet 'posting board' that could be used for suppliers to post and update all available tariffs, and for Price Comparison Services to obtain reliable and up-to-date information. In turn this could lead to more Price Comparison Services being set up, possibly even offering a telephone-based service.

### ***Decision***

- 4.20 The results of the market research indicate that customers welcome independent and accurate Price Comparison Services. It is encouraging that so many Internet users view this as a straightforward way to find a cheaper supplier. Ofgem considers that the provision of comparative pricing information is essential to ensure that customers are well informed and confident about making decisions about whether or not to change their gas or electricity supplier. Ofgem will therefore continue to monitor compliance with its guidelines for Price Comparison Services. If, in the future, energywatch wishes to agree a date when it can assume responsibility for this work then Ofgem will arrange a smooth handover to it.

## 5. Energy Cost Index

- 5.1 Ofgem's February 2000 document proposed that all suppliers should be required to display an average price (an Energy Cost Index) on promotional material when they compared their prices to those of a competitor. This chapter reviews the work carried out by Ofgem on the provision of an Energy Cost Index (ECI).

### *Background*

- 5.2 During 1999 Ofgem worked with the industry to establish whether it would be possible to develop a standard format in which suppliers would be required to publish their prices. A number of possible formats were considered. These ranged from relatively complicated formulations in which the standing charge and a unit charge for consumption would be shown separately for each tariff displayed on promotional material, through to a simple formulation based on a total annual bill for a standard consumption rate. Other issues considered were whether there should be a range of indicators set either as snapshots of consumption levels or covering bands of consumption levels. Attempts were made to simplify the information using representations of different types of property to indicate the consumption levels being illustrated.
- 5.3 In response to these proposals suppliers said that any attempt to determine average consumption levels by size or type of property would be fundamentally misleading. They argued that there was a range of factors such as property age, construction method and insulation levels which would materially affect individual consumption levels. Other factors such as the age and number of occupants play a major role in determining domestic energy consumption levels in identical properties. Suppliers were concerned that the approach would result in customer confusion and an increase in complaints from customers whose annual bill/savings did not match those set out in the standard table.

## *February 2000 Consultation Document*

### **Proposals**

- 5.4 Ofgem's February 2000 proposals observed that, in general, the industry has appeared reluctant to pursue self-regulatory options for improving the information available to customers. The document therefore proposed that suppliers should be obliged by means of a new licence condition to display an "Energy Cost Index" (ECI) on any promotional material in which they compared their prices to those of a competitor. The ECI would be an average price for each supplier. The ECI was not intended to replace suppliers' individual pricing information but would be in addition to it.
- 5.5 Ofgem recognised that there were real difficulties in achieving any standardised form of pricing given the range of products on offer and the variation in customer circumstances. However we suggested that a carefully designed scheme should be capable of addressing the industry's concerns about the misleading nature of any standardisation. We pointed out that standardised information on interest rates in the financial services sector and on vehicle fuel consumption data show that complex information can be summarised for customers.
- 5.6 The document discussed a number of issues that would need to be resolved before an ECI could be calculated. For instance, the consumption level that would be used, what payment method should be used, whether early payment discounts or late payment penalties should be included (and, if so, how), whether offers such as Air Miles should be included.
- 5.7 The document envisaged that the gas and electricity industry would agree the rules for calculating the ECI or, if it did not, the Director General would devise the rules following consultation. In any event, the document envisaged that the licence condition requiring the ECI to be used would be introduced in October 2000.

### **Responses**

- 5.8 In response to the consultation, all suppliers were opposed to the idea that they should have to use an ECI. Consumer groups and energy efficiency organisations

made suggestions as to how it might be used or calculated but there was no significant level of support for it. Many suppliers and some consumer groups expressed concern about the concept of an ECI and questioned whether it would help customers. Concerns centred on the difficulties of calculating an ECI given the range of tariffs and non-cash benefits available. Respondents also pointed out that the ECI would have to be explained to customers and that costs to suppliers could increase if promotional material had to be re-designed. Concern was also expressed that customers would be influenced solely by information about price rather than quality of service issues. The issue that suppliers could be incentivised to structure prices to produce a low ECI (and therefore appear cheaper) was also raised as a concern.

- 5.9 Some respondents suggested that an ECI should reflect an annual bill rather than unit charge, that there should be different ECIs for gas, electricity and dual fuel and for different consumption levels.
- 5.10 In April 2000 a meeting between industry representatives and Ofgem discussed these concerns. At the meeting the representatives said that the industry was not convinced that the ECI was the best way to increase competition. They voiced a number of concerns including: they did not consider that there was sufficient evidence that customers had difficulties obtaining comparative pricing information; they were not convinced that Ofgem's information about customers' problems was accurate as it was based on sampling some months previously; that sales agents provide customers with pricing information. The representatives were also concerned that suppliers could structure their tariffs so that their ECI appeared cheaper. They said that in order to gain support for an ECI the industry needed to be convinced that comparing prices really was a problem for customers.

### ***Recent developments***

#### **Rules used to calculate the ECI**

- 5.11 It was clear from these responses that the industry would not support the introduction of a licence condition in the proposed timescale. As a result of these concerns, Ofgem decided that it needed to consider in more detail how an ECI would be calculated, whether an ECI would give customers accurate



information about different suppliers' prices and whether customers would understand an ECI and find it useful. Following a competitive tender process we engaged Datamonitor as consultants to construct prototype ECIs that could be used in market research.

- 5.12 Ofgem asked Datamonitor to calculate an average ECI for all tariffs offered by each supplier for standard credit, Direct Debit and Pre-Payment Meter payment methods. To do this, Datamonitor calculated the cost per day of each different tariff for each of the three payment methods used. These were added together to produce an average cost for each payment method.
- 5.13 The main problem in constructing an ECI for any supplier is the effect on the ECI of the type and number of tariffs that a supplier has. A further discussion on this is at Annex 8.
- 5.14 After taking into account the detailed comments on how an ECI might be calculated, Ofgem agreed with Datamonitor that, for the purposes of the market research, the prototype ECIs would be calculated according to the following rules:
- ◆ consumption level - examples of the difference between an ECI based on a medium consumption level and an average of low, medium and high consumption levels is given at Annex 9. This shows that using the average cost for the three consumption levels produces an ECI that is around 5 – 6% higher than an ECI based only on a medium consumption level. To ensure consistency of information across comparative pricing information, Ofgem decided that the medium consumption level used on the factsheets should also be used to calculate the ECI;
  - ◆ standing charge – where suppliers charge these, they were included in the ECI by adding the standing charge to the annual usage (based on the medium consumption level) and dividing by 365 to produce a daily charge;

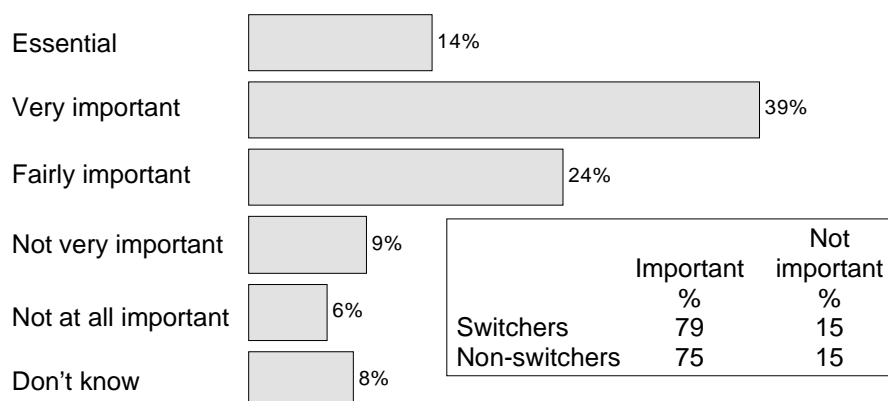
- ◆ prompt pay discounts and late pay penalties were not included in any ECI because, where these exist, suppliers have different rules for their application;
- ◆ Economy 7 tariffs were included and were assumed to cover 7 hours between 10pm and 7am;
- ◆ gas, electricity and dual fuel – there would be a separate ECI for each;
- ◆ payment method – there would be a separate ECI for standard credit, direct debit and prepayment meters; and
- ◆ non-cash offers (such as Air Miles, supermarket points etc) – these were excluded from the calculation of the ECI since they could have different values for different customers (for instance someone who never flies will not find Air Miles valuable).

#### **Attitudes to pricing information**

- 5.15 The Omnibus survey asked customers about the concept of an average figure that suppliers would use on their own literature.
- 5.16 In general, customers supported a requirement for suppliers to publish an overall price as an average figure. 79% of switchers and 75% of non-switchers considered that it was important:

## Overall Acceptance of Index Concept

Q *How important do you think it is for gas and electricity suppliers to be required to show their overall prices as an average figure, even if it won't apply exactly to every individual customer?*



Base: All bill payers (1,691)

Source: MORI

- 5.17 Ofgem gave examples of the ECI to MORI together with the individual price information used to work out the average so that they could be used in the focus groups. When the focus groups examined the ECI in more detail with an example in front of them, switchers were cautious about accepting the figures and some were openly sceptical about its value to customers. Objections centred on the vagueness of the average figure and its inapplicability to individual customers. Non-switchers were attracted by the apparent simplicity of just having one figure in front of them (compared to the pricing factsheets) but some were less trustful after they had been shown how the averages were calculated. The focus groups expressed some support for the concept of a standard measurement on advertising material. Those customers that realised the problems that could arise when averages were used also acknowledged that it would never be more than a general guide. Customers said that they would want to check the figures with suppliers before committing themselves.
- 5.18 One of the main effects of the ECI on the focus groups was that it highlighted the relative costs of different payments methods. There was surprise at how much more expensive Economy 7 tariffs are when the daytime price is included in the average. Customers also commented on the extent to which prepayment meter customers paid more compared to both standard credit and direct debit.

5.19 The ECIs that were shown to customers in the focus groups were expressed in pence per day. While many customers did not consider that this was helpful to them, it would be straightforward to multiply the ECI to a figure per month or per year. It is interesting to note that the pre-payment/budget plan group customers preferred the ECI to be expressed in pence per day as this most closely related to their general budgeting needs.

### *Discussion*

5.20 Ofgem understands that any supplier's advertising tries to reflect its own products in the best possible light. The market research shows that, although customers most frequently obtain information about gas and electricity prices from suppliers, they do not find it easy to compare prices using this information. In particular, information from sales agents does not tell customers whether there are cheaper suppliers in the market.

5.21 The original idea behind the proposal for an ECI was to try to make price comparisons on suppliers' leaflets clearer. Underlying the proposal was that if customers had an easy way to see that one supplier was cheaper than another, this might prompt them to contact the supplier and get more information about prices. The fact that non-switchers in the focus groups were attracted by the apparent simplicity of the ECI indicates that there may be a need for some type of standardisation of comparative pricing claims.

5.22 Nevertheless the rules that might be used to calculate an ECI are complex. The sheer number of tariffs available means that it is unlikely that any set of rules would cover all the issues that might arise. In addition, the fact that an ECI could not, in practice, be weighted to reflect customer numbers means that it would be relatively straightforward for suppliers to alter their tariffs to produce a low ECI if they wanted to.

5.23 In addition, there is a trade off between accuracy (to ensure that customers always know which supplier is the cheaper) and simplicity (to ensure that customers can understand the ECI). There would also need to be rules about when and how the ECI had to be used. These would be in addition to the existing rules for marketing information.

5.24 Introducing the ECI on a compulsory basis would impose costs on the industry in terms of calculating their own and other suppliers' indices; they would also have to amend their promotional literature. Introduction of an ECI would need considerable publicity to explain to customers what it meant and how they could use it. There is no clear indication from the market research that this would benefit many customers.

### ***Decision***

- 5.25 In January the NAO (see paragraph 2.10) recommended that Ofgem should continue with its research on the feasibility of requiring suppliers to disclose prices in a standard format to make comparisons easier and consider extending this to customer services information. We believe that the market research carried out since the NAO report was written shows that any rules used to produce an ECI would be complex; to include customer service information in the rules would add more complexity. Customers in the focus groups found the ECI vague and unrepresentative. Given the variety of customer requirements in the gas and electricity markets, any simple and workable ECI would produce unreliable guidance for substantial groups of customers.
- 5.26 Ofgem recognises that customers would welcome some form of standardised pricing information. The Advertising Standards Authority's revised CAP Help Note on price claim in utilities advertising (see Annex 3) recommends that suppliers should use industry recognised average consumption levels such as those used by Ofgem. Given customers' and suppliers' concerns, the likely cost of introducing the ECI and the fact that the new Help Note specifically recommends using average consumption levels to compare prices, Ofgem does not intend to pursue the introduction of the ECI.

## 6. Conclusions

### *Summary*

- 6.1 Ofgem is clear that its pricing factsheets help customers to compare prices. Price Comparison Services are also a useful aid to customers.

### *Decisions*

- 6.2 Ofgem considers that the provision of comparative pricing information is essential to ensure that customers are well informed and confident about making decisions about whether or not to change their gas or electricity supplier.

### **Pricing factsheets**

- 6.3 Ofgem will continue to publish the pricing factsheets. If, in the future, energywatch wishes to agree a date when it can assume responsibility for this work then Ofgem will arrange a smooth handover to it.
- 6.4 Ofgem will consider the balance between the amount of information on each factsheet and the ease with which customers can use them when deciding whether there should be any changes to them.
- 6.5 Ofgem recognises that publicity is needed for the factsheets. We will therefore consider the most cost effective ways of publicising the factsheets.

### **Price Comparison Services**

- 6.6 The results of the market research indicate that customers welcome independent and accurate Price Comparison Services. It is encouraging that so many Internet users view this as a straightforward way to find a cheaper supplier. Ofgem will continue to monitor compliance with its specification. If, in the future, energywatch wishes to agree a date when it can assume responsibility for this work then Ofgem will arrange a smooth handover to it.

## **ECI**

- 6.7 Customers in the focus groups found the ECI vague and unrepresentative. Given the variety of customer requirements in the gas and electricity markets, any simple and workable ECI would produce unreliable guidance for substantial groups of customers. Ofgem will not therefore pursue the compulsory implementation of an ECI.

## **General**

- 6.8 The document also recommends that:
- ◆ suppliers should review their procedures to ensure that their sales agents provide pricing information to customers on request;
  - ◆ suppliers should consider how they could give customers accurate information about their annual consumption so that customers do not have to rely on finding their previous bills; and
  - ◆ the industry should consider how best to make tariff information available to Price Comparison Services.

# Annex 1 – Respondents to February 2000 Consultation Document

(see paragraph 1.16)

Gary S Crisp  
John Rose Handsworth Credit Union Ltd  
Citizens Advice Bureau  
National Federation of Consumer Groups  
Scottish Consumer Council  
Gas West  
Association of Energy Suppliers  
Norweb Energi  
Consumer Association  
Gas Consumers Council  
SEEBOARD  
Powergen  
North of Scotland ECC  
ECC - Eastern Region  
ECC London Region  
ECC East Midlands Region  
ECC Merseyside and North Wales  
ECC South East  
ECC North East Region  
Eastern Energy  
Scottish Power  
Yorkshire Electricity  
SWALEC  
Npower  
Energysaver UK Ltd  
Northern  
Midlands Region ECC  
National Energy Action Charity  
ECC Yorkshire region  
Scottish and Southern Energy plc  
ECC SouthWest Region  
NECC  
Excelergy Corporation  
Energy Savings Trust  
National Consumer Council  
Local Government Association  
London Electricity  
British Gas Trading  
City of Nottingham  
Federation of Small Business



## Annex 2 - Explanation of terms used

(see paragraph 2.3)

### Domestic customer

A customer supplied or requiring to be supplied with gas or electricity at domestic premises (premises at which a supply is taken wholly or mainly for domestic purposes). In gas this currently means an annual consumption of less than 73,200kWh.

### Designated customer (electricity)

A customer supplied or requiring to be supplied with electricity at Designated Premises (either domestic premises or premises at which the normal annual consumption of electricity is less than 12,000kWh).

### Licence conditions

- ◆ Requirement to publish an accurate summary of the principal terms of their domestic supply contracts in a way that the supplier considers will secure adequate publicity for them. Gas supply licence standard condition 3(1)(c) and (d); Electricity PES and 2<sup>nd</sup> tier supply licence condition "Contractual terms". (A Public Electricity Supplier must publish its tariffs (Electricity Act 1989 s18).)
- ◆ Requirement to send copies of their main terms and conditions to any person who requests them. Gas supply licence standard condition 3(1)(b); Electricity PES and 2<sup>nd</sup> tier supply licence condition "Contractual terms".
- ◆ Requirement to offer a range of payment options. Gas supply licence standard condition 10(1); Electricity PES and 2<sup>nd</sup> tier supply licence condition "Contractual terms".
- ◆ Requirement to ensure that their sales agents have a sufficient understanding of their prices and other terms of supply so that any relevant advice given by them to domestic customers is not misleading.

Gas supply licence standard condition 14A(3); Electricity PES and 2<sup>nd</sup> tier supply licence condition “Marketing of Electricity to Designated Customers”.

## Annex 3 - Help Note on price claims in utilities advertising

(see paragraph 2.6)

### Committee on Advertising Practice

#### HELP NOTE ON PRICE CLAIMS IN UTILITIES ADVERTISING

##### Background

These guidelines, drawn up by the Copy Advice team with the help of the utilities industry, are intended to help advertisers, agencies, media and those direct sellers who distribute advertising material interpret the rules in the British Codes of Advertising and Sales Promotion as far as they relate to the subject discussed. They do not constitute legal advice or new Code rules and do not bind the ASA Council in the event of a complaint about an advertisement that follows them.

##### 1. General

- 1.1 A savings claim should not exaggerate the availability or extent of benefits likely to be attained by consumers. It should be qualified, where necessary, to refer to the conditions that affect it, for example: the product or service against which the comparison is being made; the fuel or combination of fuels that must be purchased for the claim to be valid; the usage pattern of the consumer for the claim to be valid (e.g. low, average or high); the relevant payment method (e.g. monthly direct debit, quarterly credit, etc.); the relevant tariffs; and other relevant discounts (e.g. early payment discounts, dual fuel discounts, etc.).
- 1.2 A claim that states or implies that all consumers will save (e.g. “savings on gas”) is unlikely to be acceptable if any do not, even if qualification to that effect (e.g. “available only to consumers with average consumption”) is made elsewhere in the advertisement. Such a claim describes an absolute claim that consumers are unlikely to think is subject to significant conditions; any significant qualification might only contradict the claim. The claim should be amended either to reflect the condition(s) that applies to it (e.g. “savings on gas for consumers with average consumption”) or to remove the implication that all consumers will save (e.g. “you could save on gas”) and the condition(s) qualified, where necessary, elsewhere in the advertisement.
- 1.3 The prominence of the qualifying claim depends on many factors, not least its size, its clarity and its positioning, but particularly on the significance of the qualification. Saving claims are usually phrased conditionally (e.g. “you could save”) and are therefore subject to qualifying conditions. If a conditionally-phrased headline saving claim is likely to apply to a significant proportion of the audience (e.g. those with average consumption, on the standard tariff and paying by a common payment method), qualification of those conditions might be acceptable only in a footnote. Where such a claim is non-specific no qualification is required. If a conditionally-phrased headline saving claim is likely to benefit a less significant proportion of the audience (e.g. those on the standard tariff and paying by a common payment method but with high consumption), either more prominent qualification of the high consumption condition is likely to be necessary (e.g. in the body copy) or, if the claim refers to amounts or percentages that can be saved, an “up to” claim can be made (though see 1.4 below).
- 1.4 Claims that refer to amounts or percentages that can be saved should be similarly qualified. In addition, if the claim indicates that few will benefit, “up to” and “from” can be used (see 1.3 above). If “up to” or “from” are used, at least 10% of consumers should be able to save the amount stated. If at least 10% do save that amount but either many consumers save significantly less or some consumers save nothing, the claim should reflect that e.g. “you could save up to...”.

- 1.5 Average consumption figures quoted in advertisements and/or used as the basis for claims should be based on up-to-date, industry recognised figures (i.e. those recommended by Ofgem). Advertisers should use those figures to determine what constitutes high or low usage. Consumption figures alone should not be used to qualify that a claim applies to consumers with low, average or high consumption as consumers might not know that 30,000 kWh of gas, for example, is an unusually high annual consumption.

## **2. Savings Against Own Previous Prices**

- 2.1 Advertisers making savings claims against their previous prices should state in the body copy whether a significant proportion of the saving derives not from cheaper fuel but from some other factor (e.g. changes in the method of payment or level of applicable VAT). A footnote can be used to provide full qualification.

## **3. Savings Against a Competitor's Prices**

- 3.1 Comparisons should be clear and fair. The ASA will determine fairness on the basis of whether customers would consider services comparable and whether elements of a comparison have been presented in a way that allows customers to make an informed and rational choice. For example, advertisers should not, when quoting cheaper tariff charges than a competitor, imply that customers can save a certain amount on their total bill over a given period if that saving is reduced significantly, or nullified, by higher standing charges.
- 3.2 Advertisers making tariff comparisons should assume that customers act rationally in selecting the best service available to them. When comparing, they should compare their tariff with their competitor's equivalent or most similar tariff; normally based on frequency of payment, payment method, dual fuel discount where applicable and tariff "bands" (e.g. Low User, Standard, Business). For example, they should compare their direct debit (discounted) price with their competitor's equivalent price, not with their competitor's non-discounted price (though see 3.4 below).
- 3.3 Similarly, if advertisers feature in a comparative savings claim their discounted and non-discounted tariffs, they should include their competitor's discounted price as well as their non-discounted price. They need not do so if they separate the references to the prices so that customers are unlikely to compare the advertiser's discounted price with the competitor's non-discounted price.
- 3.4 It is acceptable to compare dissimilar tariffs only if it is stated prominently that the competitor offers a tariff cheaper than that featured. The qualifying statement should be both near to and similar in size to the savings claim and/or text in the table.
- 3.5 If an advertiser presents a saving on one fuel, that includes a discount that a consumer gets for taking both fuels, they should either include any similar competitors' discount in the calculation or state prominently that the competitor's discount is available (see 3.4 above). The advertiser need not, however, go so far as to state that the competitor might offer more competitive prices for the fuel that is not the subject of the comparison.
- 3.6 Advertisers can choose which of their competitor's tariffs should be the subject of a comparison if two or more tariffs are equally comparable; they should, however, be able to show that no obviously more comparable tariff exists. The tariffs used as the basis of comparison, and any significant differences between them, should be clearly stated (see 1.3).
- 3.7 Advertisers who compare their projected prices with a competitor's present prices should state in the body copy when their prices will become available. Advertisers should use the most up-to-date prices, or confirmed future prices, as the basis of these comparisons.

#### **4. Savings Against an Average of Competitors' Prices**

- 4.1 In addition to following the advice in section 3, advertisers who compare their prices with an average of their competitors' prices should explain the basis of the comparison and ensure both that the identity of their competitors' is clear and that those competitor prices selected for the comparison are relevant to the audience addressed. They should not unfairly select only those competitor prices that give them an artificial advantage or include competitor prices that are irrelevant to the audience addressed.

#### **5. Dual Fuel Offers and Other Discounts**

- 5.1 Advertisers who offer savings to customers dependent on the supply of more than one type of fuel should clarify this prominently (e.g. in the body copy); they should not imply that customers taking only one type of fuel can benefit from those savings when that is not true.
- 5.2 If the inclusion or exclusion of prompt-payment discounts or late-payment penalties from price claims is likely to affect the customer's understanding of the claim, advertisers should state this clearly (see 1.3) or fully describe the competitors' service that is the subject of the comparison. For example, "paid 10 days after billing" (though see 3.2 above for advice relating to comparisons).

#### **6. VAT**

- 6.1 Unless addressed exclusively to the trade, quoted prices, including those relating to unit rates and standing charges, should include VAT payable.
- 6.2 If advertisers include a VAT-exclusive price as well as a VAT-inclusive price, the inclusive price should be the more prominent.
- 6.3 If VAT is charged at different levels for different customers, prices should include the level of VAT applicable to the largest number of the audience addressed. A footnote should state that level.

#### **7. Regional/Local Suppliers**

- 7.1 If advertisers refer to either themselves or their competitors as the regional/local/existing supplier, they should supply a reasonable proportion (for example, the majority) of consumers at whom the advertisement is addressed.
- 7.2 If advertisers refer to a competitor as the regional/local/existing supplier, they should qualify in a footnote who the supplier is.

#### **8. Size/Degree of Qualification**

- 8.1 Footnotes should be clearly visible to a normally-sighted person reading the advertisement material once at a normal speed.
- 8.2 Advertisers who are required to qualify a claim in a footnote may do so with more prominence (e.g. in body copy).
- 8.3 If a poster contains no body copy but the claim requires more prominent qualification than that provided in a footnote, advertisers should add a sub-heading or similar.
- 8.4 Whether footnotes need to be asterisked to the claim depends on several factors: for example, the importance of the qualification and the prominence of the footnote in the context of the rest of the advertisement. Advertisers should consult the Copy Advice team for further guidance.

#### **9. The Law**

- 9.1 Advertisers should also consider the provisions of the Control of Misleading Advertisements (Comparative Advertisements) (Amendment) Regulation 2000, Part III of the Consumer Protection Act 1987, the Price Marking Order 1999 and the guidance in the Code of Practice for Traders on Price

Indications. In the case of comparisons relating to credit terms, special provisions apply under the Consumer Credit (Advertisements) Regulations 1989.

Advice on specific advertisements, or on subjects that are not covered in this Help Note, is available from the Copy Advice team by telephone on 020 7580 4100, by fax on 020 7580 4072 or by e-mail on [copyadvice@cap.org.uk](mailto:copyadvice@cap.org.uk). Advice is free, fast and confidential from competitors.

**Nov 1998;**  
**Revised: Nov 2000**

## **Annex 4 – examples of Ofgem’s pricing factsheets**

(see paragraph 3.7)

# Gas prices compared

February 2001

## How much can I save?

### WHAT TO DO:

- 1** How much gas do you use?
  - **Small user** (flat or small house, gas for cooking only)
  - **Medium user** (average house, gas central heating)
  - **Large user** (large house, gas central heating, 5+ residents).
- 2** How do you pay for your gas?
  - **Standard Credit** (by cash/cheque when you receive your bill)
  - **Direct Debit** (monthly)
  - **Prepayment** (by meter).
- 3** Using **TABLE 1**, read down the columns to find how much you could save **each year** by changing your gas supplier from British Gas.
 

Where figures are bracketed in **(orange)**, it would be more expensive for you to move to that supplier. Where there is a range of savings, that supplier has different charges in different parts of the country. **To calculate an accurate indication of your potential savings - use the tables overleaf.** ▶

If this factsheet is more than 2 months old, please contact Ofgem for an updated version. All prices were correct at the beginning of this month. However, you should check with your chosen supplier before switching to see if its prices have changed.

**TABLE 1 - Potential savings**

Payment Method ▶	Standard Credit			Direct Debit			Prepayment		
	Small	Medium	Large	Small	Medium	Large	Small	Medium	Large
<b>Gas Usage</b> ▶									
<b>Bill with British Gas</b>	191	317	441	161	283	403	191	223	441
<b>SAVINGS (£)</b>									
Amerada / Amerada.co.uk	30-45	44-67	59-88	13-27	24-44	33-61	(16)-(35)	(23)-(45)	(72)-(109)
Beacon Gas	23	24	25	2	12	21	(8)	(14)	(55)
Cambridge Gas	19-34	32-48	44-62	12-16	26-28	40	-	-	-
Countrywide Gas	(26)	(55)	(85)	(43)	(75)	(107)	(51)	(65)	(163)
Eastern Energy	32	34	35	6	7	8	(6)	(11)	(47)
Elf at home	4	30	56	6	28	49	(24)	(32)	(83)
Energy Supplies UK	25	1	(23)	2	(20)	(43)	(49)	(72)	(229)
Gas West	17	(13)	(14)	(7)	(37)	(38)	(16)	(23)	(72)
London Electricity	30	45	61	8	24	39	(2)	(6)	(37)
North Wales Energy	25	1	(23)	2	(20)	(43)	(49)	(72)	(229)
Northern Electric & Gas	22	37	52	8	20	33	4	1	(13)
Norweb Energi	32	44	55	9	20	32	(2)	(6)	(37)
npower	24-28	35-43	45-58	0-4	10-18	19-31	(6)	(11)	(47)
Powergen	45	63	80	26	39	52	6	4	(13)
ScottishPower	31-35	48-55	65-76	5-13	21-34	35-56	3-(4)	1-(8)	(14)-(36)
Southern Electric Gas	26-28	30-32	33-36	5-7	12-14	19-22	33	29	1
Swalec	34	47	60	11	25	38	(2)	(6)	(37)
SWEB	30	45	61	8	24	39	(2)	(6)	(37)
Yorkshire Electricity	35	55	74	15	34	53	1	(2)	(28)

**The small print**

The saving figures are based on the assumption that you are currently a British Gas customer. Bill calculations are based on annual consumptions of 10,000kWh (small), 19,050kWh (medium), 12,300kWh (medium prepayment) and 28,000kWh (large). The calculated bills for each company are compared with those of British Gas to work out your possible savings. Please note that if you pay British Gas quarterly by cash/cheque and pay your bill within 10 days of receipt, you will get an annual prompt-payment discount of £30.24 or 30% off the bill, whichever is the least. If this applies to you, your savings will be lower than shown in the table above. British Gas also has an Advance Payment Tariff, where you pay for 12 months gas up front. This could save you between £33 and £46 off the annual British Gas standard credit bill. The prepayment savings shown for Southern Electric Gas relate to the Equigas tariff. All prices shown include VAT.



## WHAT TO DO:

- 1 Get copies of your gas bills for the last year. Add the total kWh (kilowatt hours) figures to get your annual gas usage.
- 2 Choose how you wish to pay for your gas: Standard Credit / Direct Debit / Prepayment.
- 3 Use the estimates from **TABLE 1-Potential savings** to identify which suppliers are likely to be the cheapest for you.
- 4 Where a supplier has regional tariffs, check which tariffs are relevant to you by using **TABLE 2-Who supplies which region?** It lists the tariff by postcode or by regional electricity supplier. The suppliers' areas are shown on this map. ▶
- 5 Multiply your annual gas usage by the **Price Per kWh** figures in **TABLE 3- Calculating your bill**. Don't forget that some companies charge different prices depending upon how much gas you use. Divide by 100 to get the price in £s.
- 6 Add the Annual Standing Charge.
- 7 Deduct any prompt payment or other discounts.
- 8 This is your calculated annual gas bill (including VAT). Compare this with the prices shown on your bill to work out how much you could save by switching.

Some suppliers have different charges (tariffs) for different regions. Your potential savings may depend on where you live.

## REGIONS - Where do you live?



### TABLE 2 - Who supplies which region?

Most other suppliers have one price for all the regions they supply.

Supplier	Tariff Code	Regions / Areas by Postcode
Countrywide Gas	T1	AL, B, BA, BN, BS, CF, CR, CV, CW, DE, DT, DY, EX, GL, GU, HP, HR, KT, LD, LE, LL, LU, MK, NG, NN, NP, OX, PE, PL, PO, RH, RG, SA, SG, SL, SM, SN, SO, SP, ST, SY, TA, TF, TN, TQ, TR, WR, WS, WV
Gas West	T1	BA, BH, BS, DT, EX, GL, PL, SN, SP, TA, TQ, TR
npower	T1 T2 T3	Scottish Hydro, Scottish Power All other regions Manweb, Southern, Swalec, SWEB
ScottishPower	T1 T2 T3 T4	Eastern, London, Midlands, Seaboard, Southern East Midlands, Manweb, Northern, Norweb, Yorkshire Swalec, SWEB Scottish Hydro, Scottish Power
Southern Electric Gas	T1 T2	England & Wales Scotland
SWEB	T1	England & Wales

## TABLE 3 - Calculating your bill

Payment Method		Standard Credit			Direct Debit			Prepayment	
Gas Charges*1	Region Code	Price Per kWh (p)	Annual Standing Charge (£)	Prompt Payment Discount	Price Per kWh (p)	Annual Standing Charge (£)	Direct Debit Discount	Price Per kWh (p)	Annual Standing Charge (£)
Amerada*2	All	1.138 - 1.234	37.37		1.155 - 1.234	24.53		1.704	35.80
Amerada.co.uk first 4,572kWh over 4,572kWh	All	1.155 1.155	29.70*3		1.155 1.155	19.16		2.431 1.805	16.70
Beacon Gas first 5,876kWh over 5,876kWh } (4,572kWh for prepay)	All	1.888 1.380	none		1.848 1.237	none		2.230 1.654	15.37*4
British Gas first 4,572kWh over 4,572kWh	All	2.516 1.393	none	30% or £30.24*5	1.932 1.345	none		2.516 1.393	none
Cambridge Gas Cambridge Gas first 4,572kWh over 4,572kWh	All All	1.238 2.264 1.254	32.96 none		1.187 1.739 1.211	31.04 none		2.516 1.393	none
Countrywide Gas	T1	1.722	44.11		1.698	34.65		2.016	39.63
Eastern Energy first 4,572kWh over 4,572kWh	All	1.838 1.376	none		1.817 1.334	none		1.623 1.623	34.11
Elf at home first 4,572kWh over 4,572kWh	All	1.108 1.108	75.60		1.108 1.108	44.10		2.315 1.719	15.95
Energy Supplies UK	All	1.659	none		1.593	none		2.396	none
Gas West 0 – 9,999kWh 10,000 – 27,999kWh } (Gold Tariff) 28,000kWh+ 0 – 9,999kWh 10,000 – 27,999kWh } (Standard Tariff) 28,000kWh+	T1 T1	2.100 1.733 1.628	none		1.995 1.680 1.575 2.100 1.733 1.628	none		1.704 1.704 1.704	35.80 35.80 35.80
London Electricity	All	1.223	38.33		1.171	36.41		1.587	34.11
North Wales Energy	All	1.659	none		1.593	none		2.396	none
Northern Electric & Gas first 4,500kWh over 4,500kWh } (3,600kWh for standard credit)	All	2.516 1.223	none		1.932 1.208	none		1.488 1.488	38.33
Norweb Energi Plan A/C Plan B/D	All All	1.264 1.646	32.19 none		1.217 1.620	31.06 none		1.587	34.07
npower	T1 T2 T3	1.231 1.261 1.274	39.38 39.38 39.38		1.231 1.261 1.274	39.38 39.38 39.38	3% 3% 3%	1.624 1.624 1.624	34.11 34.11 34.11
Powergen	All	1.197	26.25		1.197	15.75		1.500	34.15
ScottishPower / Manweb*6	T1 T2 T3 T4	1.166 1.183 1.203 1.183	39.28 39.28 39.28 39.28		1.139 1.105 1.177 1.105	38.29 38.29 38.29 38.29		1.489 1.567 1.489 1.489	38.33 38.33 38.33 38.33
Southern Electric Gas*7 first 4,572kWh over 4,572kWh first 4,572kWh over 4,572kWh	T1 T2	1.355 1.355 1.344 1.344	28.74 28.74		1.271 1.271 1.260 1.260	28.74 28.74		2.140 1.587 2.140 1.587	14.75 14.75
Southern Electric Gas Equigas Tariff	All	1.574	none		1.574	none		1.574	none
Swalec	All	1.248	31.85		1.197	30.54		1.587	34.09
SWEB	T1	1.223	38.33		1.171	36.41		1.587	34.11
Yorkshire Electricity	All	1.176	37.79		1.134	33.27		1.554	34.11

### NOTES

- \*1 - Where split tariffs are shown, these relate to annual usage.
- \*2 - This company's prices vary by region. Please contact the company for information on which tariff applies to you.
- \*3 - A £4.20 surcharge may be levied on each cash / cheque transaction.
- \*4 - Annual discount of £8.40 applies.
- \*5 - Annual discount of 30%, up to a maximum of £30.24.
- \*6 - The Manweb brand operates in Manweb, Midlands, Norweb and Swalec areas. The ScottishPower brand operates in all areas except Manweb and Swalec.
- \*7 - Tariffs also apply to Scottish Hydro-Electric Gas (except Equigas).

## Contact information

### Gas Suppliers

Amerada  
0845 305 5000

Amerada.co.uk  
0845 305 3000

Beacon Gas / Seeboard Energy  
0800 092 9292

British Gas  
0845 60 70 200

Cambridge Gas  
0845 071 1515

Countrywide Gas  
01386 757 333

Eastern Energy  
0800 731 3313

Elf at home  
0800 528 5522

Energy Supplies UK  
01423 772 300

Gas West  
0845 769 7155

London Electricity  
0800 096 5010

North Wales Energy  
01978 833 233

Northern Electric & Gas  
0800 996 622

Norweb Energi  
0800 555 888

npower  
0800 389 2388

Powergen  
0500 24 0500

Scottish Hydro-Electric Gas  
0800 22 33 77

ScottishPower / Manweb  
0800 400 200

Southern Electric Gas  
0800 117 116

Swalec  
0800 052 0567

SWEB  
0800 365 200

Yorkshire Electricity  
0800 073 4343

### **energywatch** (The Gas and Electricity Consumers' Council)

For free, independent advice with any gas or electricity problems you can contact energywatch on **0800 88 77 77**. If you have a complaint you can contact energywatch on **0845 906 0708** (gas complaints) or **0845 601 3131** (electricity complaints).

Website: [www.energywatch.org.uk](http://www.energywatch.org.uk)

Email: [enquiry@energywatch.org.uk](mailto:enquiry@energywatch.org.uk)

### Energy Efficiency

You can also save money by using your energy more efficiently.

For advice on how to do this call the Energy Advice Centre network on **0800 512 012**.

*Ofgem also publishes separate factsheets for Electricity and Dual Fuel.*

### How to contact Ofgem

If you need information on choosing a new supplier or if you want to know more about Ofgem and its role, then contact us.

You can do this by calling us on 020 7901 7000 or by visiting our website at [www.ofgem.gov.uk](http://www.ofgem.gov.uk). You can also write to us at 9 Millbank London SW1P 3GE or, if you live in Scotland, Regents Court, 70 West Regent Street, Glasgow G2 2QZ. Telephone 0141 331 2678.

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Data compiled by [unravelit.com](http://unravelit.com)

**ofgem**

# Electricity prices compared

February 2001

## How much can I save?

### WHAT TO DO:

- 1 How much electricity do you use?**
  - **Small user** (flat or small house, gas for cooking only)
  - **Medium user** (average house, gas central heating)
  - **Large user** (large house, gas central heating, 5+ residents).
- 2 How do you pay for your electricity?**
  - **Economy 7** figures assume electric central heating.
  - **Standard Credit** (by cash/cheque when you receive your bill)
  - **Direct Debit** (monthly)
  - **Prepayment** (by meter).
- 3 Do you have an Economy 7 meter?** If YES, use **TABLE 2**, if NO, use **TABLE 1** (standard rate).
- 4** Using the **TABLE** that applies to you, read down the columns to find how much you could save each year by changing your electricity supplier from London Electricity. Where figures are bracketed in **(orange)**, it would be more expensive for you to move to that supplier. **To calculate an accurate indication of your potential savings - use the tables overleaf.** ▶  
If this factsheet is more than 2 months old, please contact Ofgem for an updated version. All prices were correct at the beginning of this month. However, you should check with your chosen supplier before switching to see if its prices have changed.

**TABLE 1 - Potential savings (standard rate electricity)**

Payment Method ▶	Standard Credit			Direct Debit			Prepayment		
	Small	Medium	Large	Small	Medium	Large	Small	Medium	Large
Electricity Usage ▶									
Bill with London Electricity	141	247	352	131	236	341	154	257	360
<b>SAVINGS (£)</b>									
Amerada / Amerada.co.uk	(2)-3	4-9	10-15	(2)-9	9-27	20-44	(28)	(45)	(62)
British Gas	(8)	4	17	(8)	4	17	3	6	9
Eastern Energy	(2)	5	12	(2)	5	12	0	0	0
Energy Supplies UK	6	10	14	(3)	3	9	(57)	(69)	(82)
Northern Electric & Gas	9	16	24	8	16	24	(22)	(12)	(2)
Norweb Energi	(1)	15	30	(4)	16	36	0	0	0
npower	1	24	47	(5)	20	46	(28)	(13)	2
Powergen	4	11	18	4	11	18	1	6	11
Scottish & Southern	13	21	30	6	18	31	(11)	(7)	(2)
ScottishPower	(7)	6	19	(7)	11	29	(5)	(5)	(5)
Seaboard Energy	11	18	25	9	16	23	0	0	1
Swalec	13	21	30	6	18	31	1	1	2
Utility Link	(3)	19	41	(13)	9	30	(19)	(3)	14
Yorkshire Electricity	(15)	(6)	3	(10)	(2)	7	(33)	(26)	(20)

**TABLE 2 - Potential savings (Economy 7 electricity)**

Bill with London Electricity	207	358	509	196	347	494	218	364	510
<b>SAVINGS (£)</b>									
Amerada / Amerada.co.uk	2-7	(2)-3	(1)-(6)	(1)-5	(3)-3	(3)-(9)	(25)	(48)	(70)
British Gas	(8)	5	18	(8)	5	13	3	5	7
Eastern Energy	3	9	16	4	9	12	0	0	0
Energy Supplies UK	6	9	12	(1)	6	9	(21)	(25)	(29)
Northern Electric & Gas	23	19	16	23	19	11	(26)	(15)	(4)
Norweb Energi	7	17	27	3	15	23	0	0	0
npower	3	16	30	(1)	16	29	(22)	(16)	(9)
Powergen	9	12	16	9	12	11	4	3	1
Scottish & Southern	19	31	43	14	31	44	(25)	(46)	(66)
ScottishPower	0	12	24	(1)	16	28	(3)	(3)	(3)
Seaboard Energy	5	7	9	3	5	2	1	0	0
Swalec	19	31	43	14	31	44	1	1	2
Utility Link	17	45	72	7	34	57	(3)	16	35
Yorkshire Electricity	(9)	0	10	(5)	4	9	(29)	(25)	(21)

**The small print** The saving figures are based on the assumption that you are currently a customer of London Electricity. Bill calculations are based on annual consumptions of 1,650kWh (small), 3,300kWh (medium) and 4,950kWh (large) for standard rate electricity, and 3,300kWh (small), 6,600kWh (medium) and 9,900kWh (large) for Economy 7 electricity. Economy 7 bills assume 55% night time usage. The calculated bills of each company are compared with those of London Electricity to work out your possible savings. All prices shown include VAT.

## WHAT TO DO:

- 1 Get copies of your electricity bills for the last year. Add the total kWh figures to get your annual electricity usage.
- 2 If you have an Economy 7 meter – use **TABLE 2A** otherwise use **TABLE 1A** (standard rate electricity).
- 3 Choose how you wish to pay for your electricity - **Standard Credit**, **Direct Debit** or **Prepayment**.
- 4 Use the estimates from **TABLE 1** or **TABLE 2** to identify which supplier is likely to be the cheapest for you.

**TABLE 1A - Calculating your bill (standard rate electricity)**

Payment Method ▶	Standard Credit			Direct Debit			Prepayment	
	Price Per kWh (p)	Annual Standing Charge (£)	Prompt Payment Discount	Price Per kWh (p)	Annual Standing Charge (£)	Direct Debit Discount	Price Per kWh (p)	Annual Standing Charge (£)
<b>Electricity Charges*1</b> ▶								
Amerada	6.02	44.10		5.70	38.85		7.28	61.93
Amerada.co.uk	6.02	38.85*2		5.34	33.60		7.28	61.93
British Gas								
first 900kWh	11.91	none		10.74	none		11.75	none
over 900kWh	5.63			5.63			6.06	
Eastern Energy								
first 2,392kWh	6.02	44.23		6.02	33.31		6.23	51.32
over 2,392kWh	5.94			5.94			6.23	
Energy Supplies UK	6.14	34.30		6.04	34.07		6.97	96.46
London Electricity								
first 6,000kWh	6.38	36.03		6.38	36.03	3% or	6.23	51.74
over 6,000kWh	6.30			6.30		£10.50*3	6.23	
Northern Electric & Gas								
first 1,092kWh	9.14	none		8.19	none		5.62	83.55
over 1,092kWh	5.91			5.91			5.62	
Norweb Energi	5.46	51.79		5.19	48.89		6.23	51.74
npower	5.00	57.67		5.00	57.67	3%	5.30	95.21
Powergen	5.93	39.90		5.93	29.40		5.93	55.65
Scottish & Southern*4	5.87	31.79		5.87	31.79	4%*5	5.96	67.20
ScottishPower	5.58	56.57		5.27	51.32		6.23	56.70
Seeboard Energy								
first 728kWh	10.40	none		9.24	none		6.22	51.70
over 728kWh	5.95			5.95			6.22	
Swalec	5.87	31.79		5.87	31.79	4%*5	6.20	51.74
Utility Link*6	5.06	60.60		5.06	60.60		5.21	67.87*7
Yorkshire Electricity	5.85	59.52	£8.40	5.85	59.52	£14.70	5.85	90.60

### NOTES

- \*1 - Where split tariffs are shown, these relate to annual usage.
- \*2 - A £4.20 surcharge may be levied on each cash/cheque transaction.
- \*3 - Whichever is the greater.
- \*4 - Scottish & Southern trades as 'Scottish Hydro-Electric' and 'Southern Electric'.
- \*5 - Discount applies to unit charge only.
- \*6 - Utility Link prices for Standard Credit and Direct Debit apply only to customers paying monthly in advance. Each payment received late will incur a charge of £1.05.
- \*7 - Plus a 50p surcharge for each prepayment transaction. Savings calculations assume £20 of additional charges per annum.

- 5** Multiply your annual electricity usage by the **Price Per kWh** figures in **TABLE 1A** or **TABLE 2A**. Don't forget that some companies charge different prices depending upon how much electricity you use.
- 6** Add the annual standing charge, if applicable.
- 7** Deduct any prompt payment or other discounts, if applicable.  
*This is your calculated annual electricity bill (including VAT).*
- 8** Compare this with the prices shown on your bill to work out how much you could save by switching.

**TABLE 2A - Calculating your bill (Economy 7 electricity)**

Payment Method	Standard Credit				Direct Debit				Prepayment		
	Price (p) Per kWh Day Rate	Price (p) Per kWh Night Rate	Annual Standing Charge (£)	Prompt Payment Discount	Price (p) Per kWh Day Rate	Price (p) Per kWh Night Rate	Annual Standing Charge (£)	Direct Debit Discount	Price (p) Per kWh Day Rate	Price (p) Per kWh Night Rate	Annual Standing Charge (£)
<b>Electricity Charges</b> *1											
Amerada	7.35	2.51	49.35		7.35	2.36	44.10		7.75	2.92	73.89
Amerada.co.uk	7.35	2.51	44.10*2		7.35	2.36	38.85		7.75	2.92	73.89
British Gas											
first 900kWh	14.53	2.60	none		13.37	2.60	none		14.45	2.51	none
over 900kWh	6.11	2.60			6.11	2.60			6.60	2.51	
Eastern Energy											
first 2,392kWh	6.59	2.59	57.88		6.59	2.59	46.96		6.70	2.54	70.98
over 2,392kWh	6.51	2.59			6.51	2.59			6.70	2.54	
Energy Supplies UK	6.83	2.52	53.47		6.62	2.48	52.93		7.13	2.40	88.73
London Electricity											
first 6,000kWh	6.95	2.60	55.58		6.95	2.60	55.58	3% or	6.70	2.54	71.28
over 6,000kWh	6.86	2.60			6.86	2.60		£10.50*3	6.70	2.54	
Northern Electric & Gas											
first 1,092kWh	9.87	2.61	none		8.93	2.61	none		6.44	2.13	108.84
over 1,092kWh	7.15	2.61			7.15	2.61			6.44	2.13	
Norweb Energi	6.51	2.42	58.63		6.41	2.38	53.93		6.70	2.54	71.27
npower	5.93	2.72	65.73		5.93	2.72	65.73	3%	6.00	2.75	100.42
Powergen	6.72	2.60	49.98		6.72	2.60	39.48		6.72	2.60	65.73
Scottish & Southern*4	6.39	2.39	49.06		6.39	2.39	49.06	4%*5	7.89	2.68	76.48
ScottishPower	6.14	2.61	67.57		6.04	2.45	62.32		6.75	2.52	73.58
Seeboard Energy											
first 1,096kWh	11.38	2.76	none		10.62	2.76	none		6.96	2.36	69.48
over 1,096kWh	6.65	2.76			6.65	2.76			6.96	2.36	
Swalec	6.39	2.39	49.06		6.39	2.39	49.06	4%*5	6.69	2.52	71.27
Utility Link*6	5.70	2.12	65.69		5.70	2.12	65.69		5.87	2.18	73.01*7
Yorkshire Electricity	6.41	2.55	73.55	£8.40	6.41	2.55	73.55	£14.70	6.41	2.55	104.63

**NOTES**

- \*1 - Where split tariffs are shown, these relate to annual usage.
- \*2 - A £4.20 surcharge may be levied on each cash/cheque transaction.
- \*3 - Whichever is the greater.
- \*4 - Scottish & Southern trades as 'Scottish Hydro-Electric' and 'Southern Electric'.
- \*5 - Discount applies to unit charge only.
- \*6 - Utility Link prices for Standard Credit and Direct Debit apply only to customers paying monthly in advance. Each payment received late will incur a charge of £1.05.
- \*7 - Plus a 50p surcharge for each prepayment transaction. Savings calculations assume £20 of additional charges per annum.

## Contact information

### *Electricity Suppliers*

**Amerada**  
0845 305 5000

**Amerada.co.uk**  
0845 305 3000

**British Gas**  
0845 60 70 200

**Eastern Energy**  
0800 731 3313

**Energy Supplies UK**  
01423 772 300

**London Electricity**  
0800 096 5010

**Northern Electric & Gas**  
0800 996 622

**Norweb Energi**  
0800 555 888

**npower**  
0800 389 2388

**Powergen**  
0500 24 0500

**Scottish Hydro-Electric**  
0800 22 33 77

**ScottishPower**  
0800 400 200

**Seeboard Energy**  
0800 092 9292

**Southern Electric**  
0800 117 116

**Swalec**  
0800 052 5252

**Utility Link**  
0845 601 2421

**Yorkshire Electricity**  
0800 073 4343

### *energywatch (The Gas and Electricity Consumers' Council)*

For free, independent advice with any gas or electricity problems you can contact energywatch on **0800 88 77 77**. If you have a complaint you can contact energywatch on **0845 906 0708** (gas complaints) or **0845 601 3131** (electricity complaints).

Website: [www.energywatch.org.uk](http://www.energywatch.org.uk)

Email: [enquiry@energywatch.org.uk](mailto:enquiry@energywatch.org.uk)

### *Energy Efficiency*

You can also save money by using your energy more efficiently.

For advice on how to do this call the Energy Advice Centre network on **0800 512 012**.

*Ofgem also publishes separate factsheets for Gas and Dual Fuel.*

### How to contact Ofgem

If you need information on choosing a new supplier or if you want to know more about Ofgem and its role, then contact us.

You can do this by calling us on 020 7901 7000 or by visiting our website at [www.ofgem.gov.uk](http://www.ofgem.gov.uk). You can also write to us at 9 Millbank London SW1P 3GE or, if you live in Scotland, Regents Court, 70 West Regent Street, Glasgow G2 2QZ. Telephone 0141 331 2678.

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**ofgem**

# Dual Fuel prices compared

February 2001

## How much can I save?

### WHAT TO DO:

- 1** How much energy do you use?
  - **Small user** (flat or small house, gas for cooking only)
  - **Medium user** (average house, gas central heating)
  - **Large user** (large house, gas central heating, 5+ residents).
- 2** How do you pay for your energy?
  - Economy 7 figures assume electric central heating.
  - **Standard Credit** (by cash/cheque when you receive your bill)
  - **Direct Debit** (monthly).
- 3** Do you have an Economy 7 meter? If YES, use **TABLE 2**, if NO, use **TABLE 1** (standard rate).
- 4** Using the **TABLE** that applies to you, read down the columns to find how much you could save each year by changing your electricity supplier from London Electricity and your gas supplier from British Gas to a Dual Fuel deal.
 

Where figures are bracketed in (orange), it would be more expensive for you to move to that supplier. To calculate an accurate indication of your potential savings - use the tables overleaf. ►

If this factsheet is more than 2 months old, please contact Ofgem for an updated version. All prices were correct at the beginning of this month. However, you should check with your chosen supplier before switching to see if its prices have changed.

**TABLE 1 - Potential savings (gas+standard rate electricity)**

Payment Method ▶	Standard Credit			Direct Debit		
	Small	Medium	Large	Small	Medium	Large
Energy Usage ▶						
Bill with British Gas	191	317	441	161	283	403
Bill with London Electricity	141	247	352	131	236	341
Total*1	332	564	793	292	519	744
<b>SAVINGS (£)</b>						
Amerada / Amerada.co.uk	35-49	62-76	89-103	16-36	42-70	67-104
British Gas	6	19	32	7	19	31
Eastern Energy	39	55	71	15	31	48
London Electricity*2	40	56	71	18	34	50
Northern Electric & Gas	30	54	77	16	37	57
Norweb Energi	31	59	85	5	36	67
npower	26	61	96	8	52	96
Powergen	48	74	98	30	50	71
Scottish & Southern	39	51	63	12	31	50
ScottishPower	38	72	106	12	49	86
Seaboard Energy	23	44	64	5	36	66
Swalec	47	68	90	17	43	68
Yorkshire Electricity	31	60	88	15	43	70

**TABLE 2 - Potential savings (gas+Economy 7 electricity)**

Bill with British Gas	191	317	441	161	283	403
Bill with London Electricity	207	358	509	196	347	494
Total*1	398	675	950	357	630	897
<b>SAVINGS (£)</b>						
Amerada / Amerada.co.uk	39-53	56-70	72-87	18-31	30-47	38-57
British Gas	7	20	32	7	19	27
Eastern Energy	44	59	75	21	36	48
London Electricity*2	40	56	71	18	34	50
Northern Electric & Gas	44	57	69	31	40	44
Norweb Energi	39	61	82	12	35	54
npower	28	53	78	14	52	86
Powergen	54	75	96	35	52	64
Scottish & Southern	45	61	76	19	43	63
ScottishPower	45	78	110	19	54	84
Seaboard Energy	17	33	48	0	25	45
Swalec	53	78	103	25	56	82
Yorkshire Electricity	37	66	94	21	49	72

**The small print**

The saving figures are based on the assumption that you are currently a British Gas customer for gas and a London Electricity customer for electricity. Bill calculations are based on annual consumptions of 10,000kWh (small), 19,050kWh (medium) and 28,000kWh (large) for gas and on annual consumptions of 1,650kWh (small), 3,300kWh (medium) and 4,950kWh (large) for standard rate electricity, or 3,300kWh (small), 6,600kWh (medium) and 9,900kWh (large) for Economy 7 electricity. Economy 7 bills assume 55% night time usage. The calculated bills of each company are compared with those of British Gas/London Electricity to work out your possible savings. Please note: If you pay British Gas quarterly by cash/cheque and pay your bill within 10 days of receipt, you will get a prompt-payment discount of £30.24 or 30% of the bill, whichever is the least. If this applies to you, your savings will be lower than shown in the tables 1 and 2. All prices shown include VAT.

\*1 The bill totals shown may differ from the added gas and electricity bills by plus or minus £1. This discrepancy is due to the amounts being rounded up or down to the nearest whole figure.

\*2 London Electricity also offer a dual fuel discount for customers who use a gas and/or electricity prepayment meter.



## WHAT TO DO:

- 1 Get copies of your gas and electricity bills for the last year. Add the total kWh figures to get your annual energy usage.
- 2 Choose how you wish to pay for your gas and electricity - **Standard Credit** or **Direct Debit**.
- 3 Use the estimates from **TABLE 1** or **TABLE 2** to identify which supplier is likely to be the cheapest for you.
- 4 Multiply your annual gas usage by the **Price Per kWh** figures in **TABLE 1A** or **TABLE 2A**. Don't forget that some companies charge different prices depending upon how much gas you use.

**TABLE 1A - Calculating your bill (gas+standard rate electricity)**

Payment Method		Standard Credit			Direct Debit			
Energy Charges*1		Price Per kWh (p)	Annual Standing Charge (£)	Prompt Payment Discount	Price Per kWh (p)	Annual Standing Charge (£)	Direct Debit Discount	Dual Fuel Discount
Amerada	Gas	1.161	37.37		1.185	24.53		
	Elec	6.02	44.10		5.70	38.85		
Amerada.co.uk	Gas	1.155	29.70*2		1.155	19.16		
	Elec	6.02	38.85*2		5.34	33.60		
British Gas								£14.60
first 4,572kWh	Gas	2.516	none	30% or	1.932	none		
over 4,572kWh		1.393		£30.24*3	1.345			
first 900kWh	Elec	11.91	none		10.74	none		
over 900kWh		5.63			5.63			
Eastern Energy								
first 4,572kWh	Gas	1.743	none		1.691	none		
over 4,572kWh		1.293			1.239			
first 2,392kWh	Elec	6.02	44.23		6.02	33.31		
over 2,392kWh		5.94			5.94			
London Electricity*4	Gas	1.223	27.83		1.171	25.90		
first 6,000kWh	Elec	6.38	36.03		6.38	36.03	3% or	
over 6,000kWh		6.30			6.30		£10.50*5	
Northern Electric & Gas								
first 4,500kWh	Gas	2.516	none		1.932	none		
over 4,500kWh		1.223			1.208			
first 1,092kWh	Elec	9.14	none		8.19	none		
over 1,092kWh		5.91			5.91			
Norweb Energi	Gas	1.264	32.19		1.217	31.06		
	Elec	5.46	51.79		5.19	48.89		
npower	Gas	1.261	39.38		1.261	39.38	7%	
	Elec	5.00	57.67		5.00	57.67	7%	
Powergen	Gas	1.197	26.25		1.197	15.75		
	Elec	5.93	39.90		5.93	29.40		
Scottish & Southern*6	Gas	1.355	28.74		1.271	28.74		
Equigas Tariff		1.574	none		1.574	none		
	Elec	5.87	31.79		5.87	31.79	4%*7	
ScottishPower	Gas	1.166	39.28		1.139	38.29		£10.50
	Elec	5.58	56.57		5.27	51.32		
Seeboard Energy								
first 5,876kWh	Gas	2.167	none		2.042	none		
over 5,876kWh		1.243			1.088			
first 728kWh	Elec	10.40	none		9.24	none		
over 728kWh		5.95			5.95			
Swalec	Gas	1.248	31.85		1.197	30.54		
	Elec	5.87	31.79		5.87	31.79	4%*7	
Yorkshire Electricity	Gas	1.176	37.79		1.134	33.27		£10.50
	Elec	5.85	59.52	£8.40	5.85	59.52	£14.70	

### NOTES

\*1 - Where split tariffs are shown, these relate to annual usage.

\*2 - A £4.20 surcharge may be levied on each cash/cheque transaction.

\*3 - Annual discount of 30%, up to a maximum of £30.24.

\*4 - London Electricity also offer a dual fuel discount for customers who use a gas and/or electricity prepayment meter.

\*5 - Whichever is the greater.

\*6 - Scottish & Southern trades as 'Scottish Hydro-Electric' and 'Southern Electric'.

\*7 - Discount applies to unit charge only.

- 5** Add the Annual Standing Charge, if applicable.
- 6** Deduct any prompt payment or other discounts, if applicable.  
*This is your calculated annual gas bill (including VAT).*
- 7** Repeat **Steps 4 – 6** for electricity.  
*This is your calculated annual electricity bill (including VAT).*
- 8** From your combined annual gas and electricity bills deduct the dual fuel discount, if applicable.  
*Compare these prices with the prices shown on your current suppliers bills to work out how much you could save by switching.*

NOTE: Although it may be more convenient for you to buy both your gas and electricity from one supplier, it does not necessarily represent the cheapest deal available. Using different suppliers for each may save you more money.

**TABLE 2A - Calculating your bill (gas+Economy 7 electricity)**

Payment Method		Standard Credit				Direct Debit				Dual Fuel Discount
		Price (p) Per kWh Day Rate	Price (p) Per kWh Night Rate	Annual Standing Charge (£)	Prompt Payment Discount	Price (p) Per kWh Day Rate	Price (p) Per kWh Night Rate	Annual Standing Charge (£)	Direct Debit Discount	
<b>Energy Charges*1</b>										
Amerada	Gas	1.161		37.37		1.185		24.53		
	Elec	7.35	2.51	49.35		7.35	2.36	44.10		
Amerada.co.uk	Gas	1.155		29.70*2		1.155		19.16		
	Elec	7.35	2.51	44.10*2		7.35	2.36	38.85		
British Gas first 4,572kWh over 4,572kWh first 900kWh over 900kWh	Gas	2.516		none	30% or £30.24*3	1.932		none		£14.60
	Elec	1.393	2.60	none		1.345	2.60	none		
		14.53	2.60	6.11		13.37	2.60	6.11		
Eastern Energy first 4,572kWh over 4,572kWh first 2,392kWh over 2,392kWh	Gas	1.743		none		1.691		none		
	Elec	1.293	2.59	57.88		1.239	2.59	46.96		
		6.59	2.59	6.51		6.59	2.59	6.51		
London Electricity*4 first 6,000kWh over 6,000kWh	Gas	1.223		27.83		1.171		25.90		
	Elec	6.95	2.60	55.58		6.95	2.60	55.58	3% or £10.50*5	
		6.86	2.60			6.86	2.60			
Northern Electric & Gas first 4,500kWh over 4,500kWh } (3,600kWh for standard credit) first 1,092kWh over 1,092kWh	Gas	2.516		none		1.932		none		
		1.223				1.208				
	Elec	9.87	2.61	none		8.93	2.61	none		
		7.15	2.61			7.15	2.61			
Norweb Energi	Gas	1.264		32.19		1.217		31.06		
	Elec	6.51	2.42	58.63		6.41	2.38	53.93		
npower	Gas	1.261		39.38		1.261		39.38	7%	
	Elec	5.93	2.72	65.73		5.93	2.72	65.73	7%	
Powergen	Gas	1.197		26.25		1.197		15.75		
	Elec	6.72	2.60	49.98		6.72	2.60	39.48		
Scottish & Southern*6 Equigas	Gas	1.355		28.74		1.271		28.74		
		1.574		none		1.574		none		
	Elec	6.39	2.39	49.06		6.39	2.39	49.06	4%*7	
ScottishPower	Gas	1.166		39.28		1.139		38.29		£10.50
	Elec	6.14	2.61	67.57		6.04	2.45	62.32		
Seeboard Energy first 5,876kWh over 5,876kWh first 1,096kWh over 1,096kWh	Gas	2.167		none		2.042		none		
		1.243				1.088				
	Elec	11.38	2.76	none		10.62	2.76	none		
		6.65	2.76			6.65	2.76			
Swalec	Gas	1.248		31.85		1.197		30.54		
	Elec	6.39	2.39	49.06		6.39	2.39	49.06	4%*7	
Yorkshire Electricity	Gas	1.176		37.79		1.134		33.27		£10.50
	Elec	6.41	2.55	73.55	£8.40	6.41	2.55	73.55	£14.70	

**NOTES**

- \*1 - Where split tariffs are shown, these relate to annual usage.
- \*2 - A £4.20 surcharge may be levied on each cash/cheque transaction.
- \*3 - Annual discount of 30%, up to a maximum of £30.24.
- \*4 - London Electricity also offer a dual fuel discount for customers who use a gas and/or electricity prepayment meter.
- \*5 - Whichever is the greater.
- \*6 - Scottish & Southern trades as 'Scottish Hydro-Electric' and 'Southern Electric'.
- \*7 - Discount applies to unit charge only.

## Contact information

### Dual Fuel Suppliers

**Amerada**  
0845 305 5000

**Amerada.co.uk**  
0845 305 3000

**British Gas**  
0845 60 70 200

**Eastern Energy**  
0800 731 3313

**London Electricity**  
0800 096 5010

**Northern Electric & Gas**  
0800 996 622

**Norweb Energi**  
0800 555 888

**npower**  
0800 389 2388

**Powergen**  
0500 24 0500

**Scottish Hydro-Electric**  
0800 22 33 77

**ScottishPower**  
0800 400 200

**Seeboard Energy**  
0800 092 92 92

**Southern Electric**  
0800 117 116

**Swalec**  
0800 052 5252

**Yorkshire Electricity**  
0800 073 4343

### **energywatch** (*The Gas and Electricity Consumers' Council*)

For free, independent advice with any gas or electricity problems you can contact energywatch on **0800 88 77 77**. If you have a complaint you can contact energywatch on **0845 906 0708** (gas complaints) or **0845 601 3131** (electricity complaints).

Website: [www.energywatch.org.uk](http://www.energywatch.org.uk)

Email: [enquiry@energywatch.org.uk](mailto:enquiry@energywatch.org.uk)

### **Energy Efficiency**

You can also save money by using your energy more efficiently.

For advice on how to do this call the Energy Advice Centre network on **0800 512 012**.

*Ofgem also publishes separate factsheets for Gas and Electricity.*

### How to contact Ofgem

If you need information on choosing a new supplier or if you want to know more about Ofgem and its role, then contact us.

You can do this by calling us on 020 7901 7000 or by visiting our website at [www.ofgem.gov.uk](http://www.ofgem.gov.uk). You can also write to us at 9 Millbank London SW1P 3GE or, if you live in Scotland, Regents Court, 70 West Regent Street, Glasgow G2 2QZ. Telephone 0141 331 2678.

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**ofgem**

## Annex 5 – Pricing factsheet questionnaire

(see paragraph 3.13)

### PRICING FACTSHEET QUESTIONNAIRE

Ofgem would like to know how helpful you found the pricing factsheets. To help us, please would you tick the appropriate boxes below. Please send your completed questionnaire to Ofgem in the pre-paid envelope provided. The information you provide will be analysed to see if we can improve the factsheets. You do not need to provide your name or address.

#### 1. How did you find out about the pricing factsheets?

Newspaper	<input type="checkbox"/>
Radio	<input type="checkbox"/>
TV	<input type="checkbox"/>
Advice agency	<input type="checkbox"/>
Poster	<input type="checkbox"/>
Friend	<input type="checkbox"/>
Other (please state)	<input type="checkbox"/>

#### 2. How easy were the factsheets to understand?

	Gas	Electricity	Dual Fuel
Very easy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quite easy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Not very easy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Difficult	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Don't know	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### 3. How did you find out your current annual consumption?

Used average consumption levels on the factsheets	<input type="checkbox"/>
Used last four bills	<input type="checkbox"/>
Used last bill and multiplied by four	<input type="checkbox"/>
Guessed	<input type="checkbox"/>
Phoned current supplier	<input type="checkbox"/>
Did not work this out	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>

#### 4. How do you pay your bills at the moment?

Direct Debit monthly	<input type="checkbox"/>
Direct Debit when bill received	<input type="checkbox"/>
Quarterly cash/cheque	<input type="checkbox"/>
Regular payment scheme	<input type="checkbox"/>
Prepayment meter	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>

**5. Did the factsheet encourage you to change to another payment method?**

Yes		if yes, which one will you change to?
No		
Made no difference		

**6. Do you plan to change your supplier after using the factsheet(s)?**

	Yes	No	Not sure
Gas			
Electricity			
Dual fuel			

**7. What other things would help customers to compare gas or electricity prices more easily? (you can tick more than one box)**

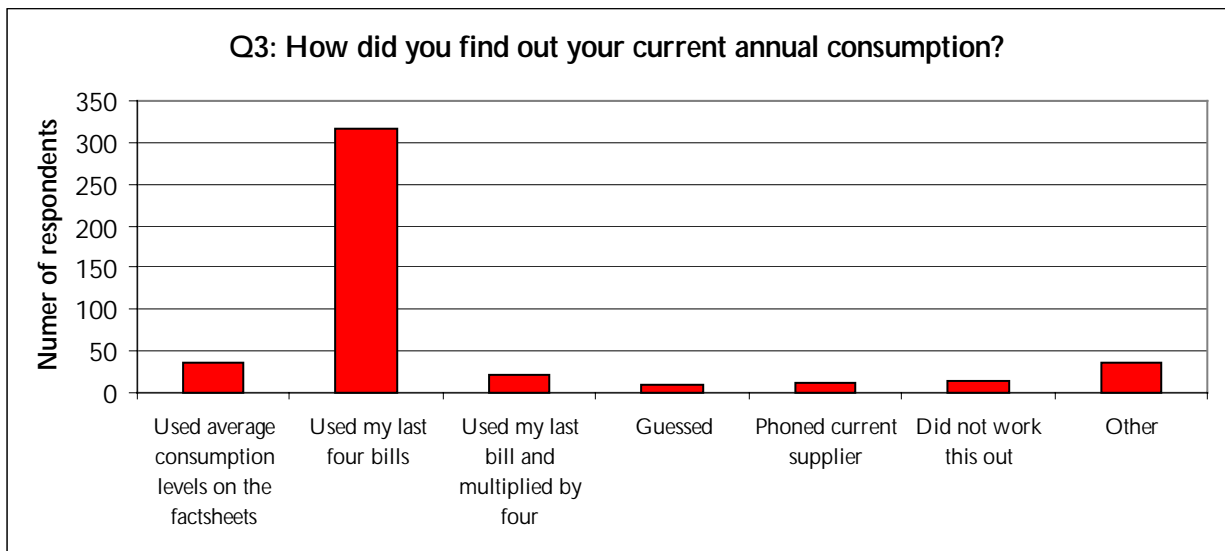
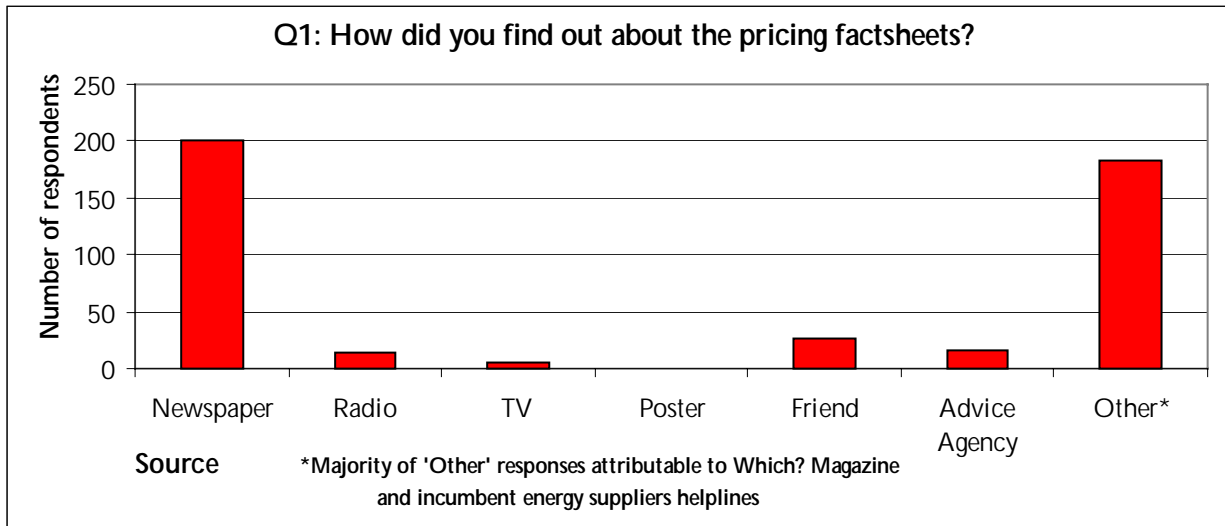
	Yes	No	Don't know
Having annual consumption on current bills			
Having annual cost on current bills			
A telephone service that finds the cheapest supplier			
An internet service that finds the cheapest supplier			

Other (please specify) \_\_\_\_\_

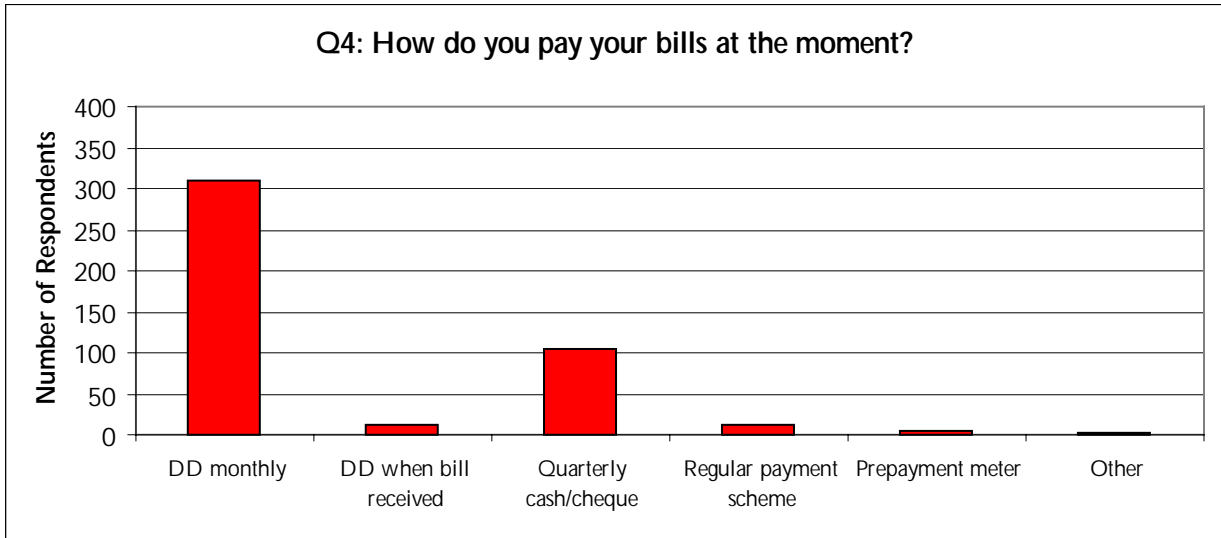
**Thank you for completing this questionnaire.**

## Annex 6 – Results of responses to customer questionnaire

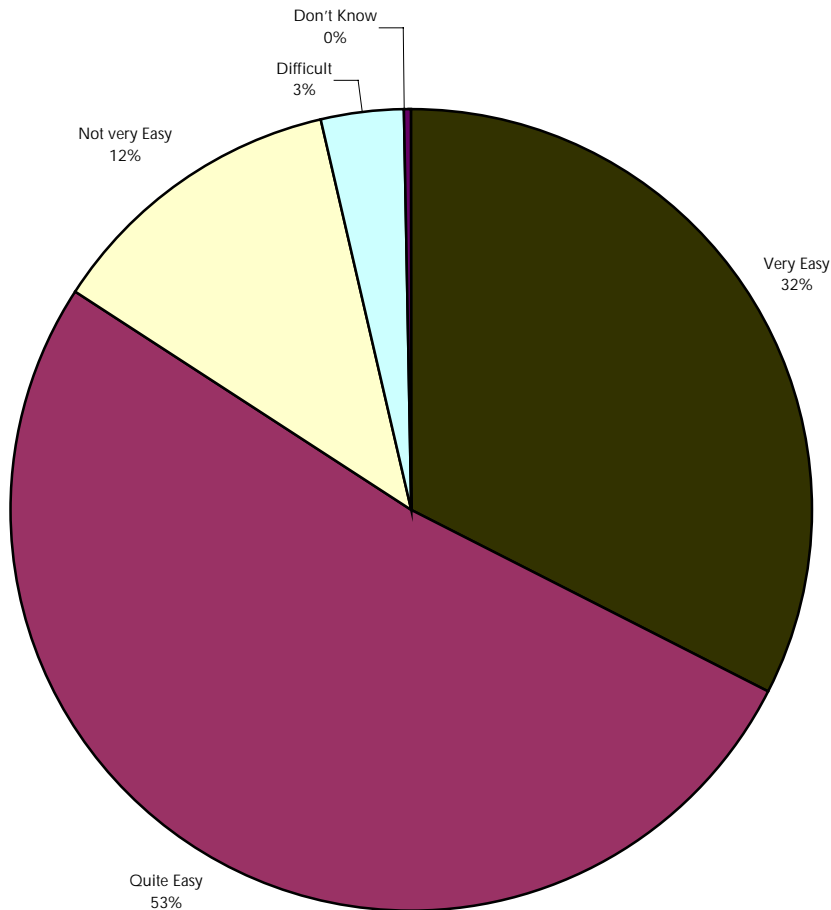
(see paragraph 3.14)



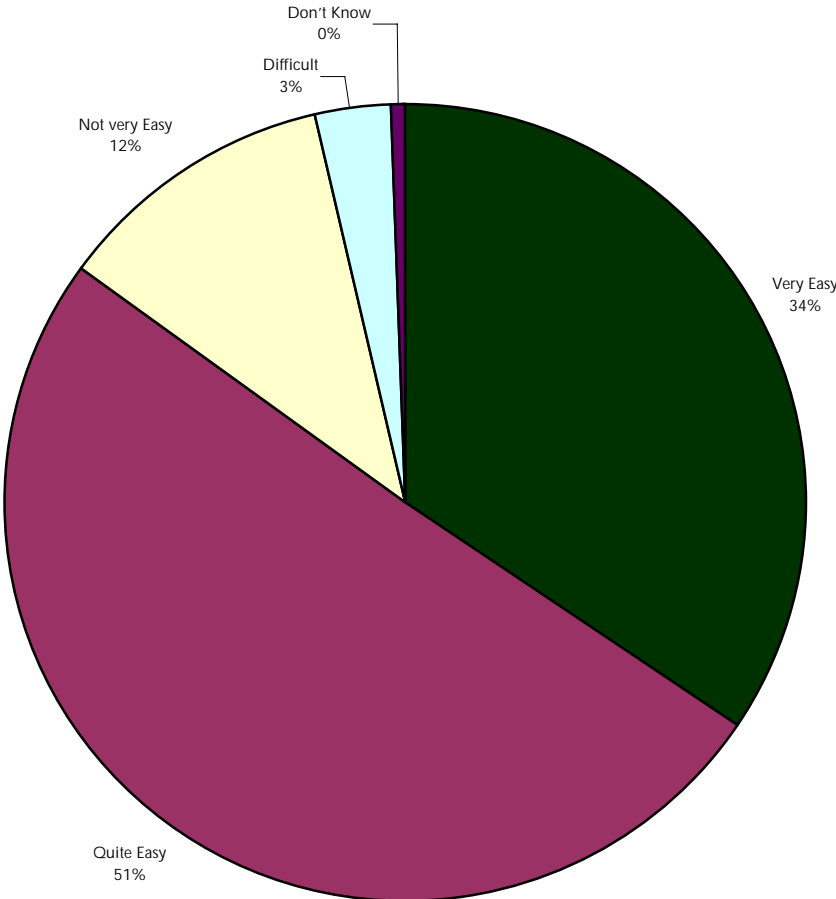
#### Q4: How do you pay your bills at the moment?



#### Q2(a): How easy was the gas factsheet to understand?

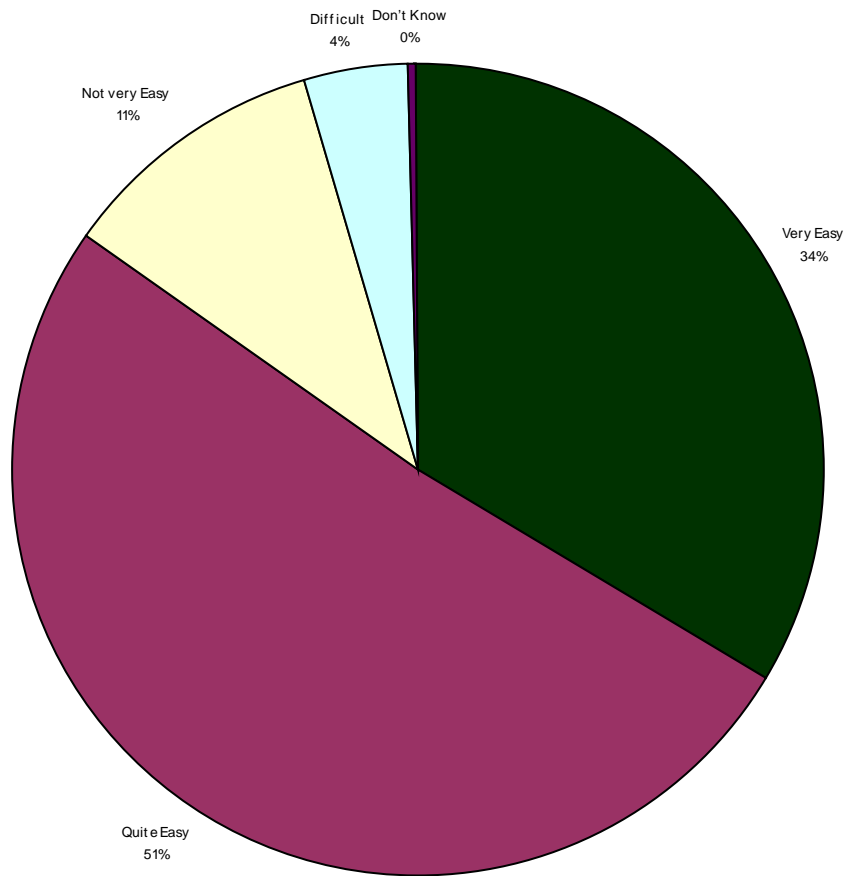


Q2(b): How easy were the electricity factsheets to understand?





Q2(c): How easy were the dual fuel factsheets to understand?



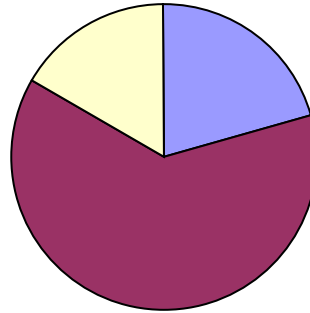
**Q5: Did the factsheets encourage you to change to another payment method?**

Question misunderstood by many respondents who believed that they were answering the question 'did the factsheets encourage you to change "supplier" rather than "payment method"

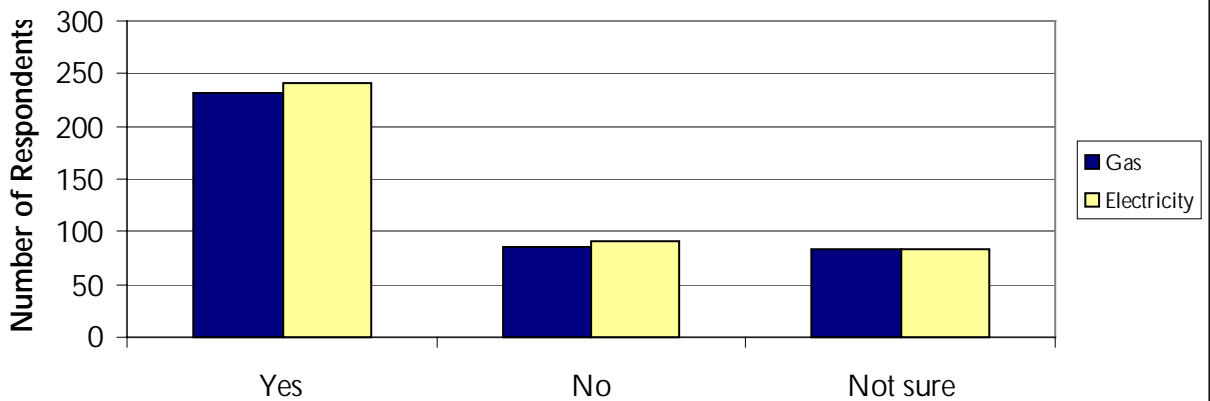
Made no difference  
17%

Yes  
21%

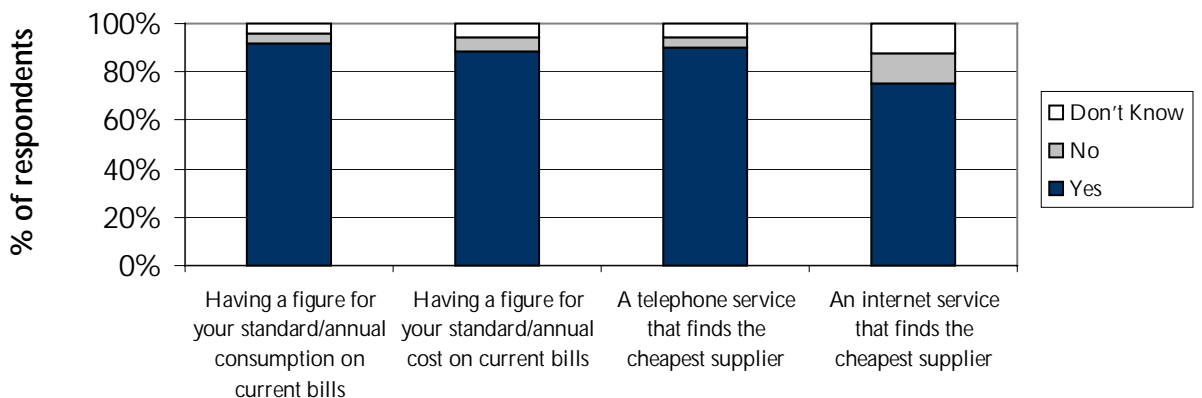
No  
62%



**Q6: Do you plan to change your supplier after using the factsheets?**



**Q7: What other things would help customers to compare gas or electricity prices more easily?**



## Questionnaire Results

1. How did you find out about the pricing factsheets?

	Responses	Percentage
Newspaper	201	45.1
Radio	14	3.1
TV	6	1.3
Poster	0	0
Friend	26	5.8
Advice Agency	16	3.6
Other	183	41
Total	446	100

2. How easy were the factsheets to understand?

		Very Easy	Quite Easy	Not Very Easy	Difficult	Don't Know	Total
Gas	Responses	125	200	47	13	1	386
	Percentage	32.4	51.8	12.2	2.9	0.3	100
Electricity	Responses	139	203	47	12	2	403
	Percentage	34.5	50.4	11.7	3	0.5	100
Dual Fuel	Responses	129	196	41	16	1	383
	Percentage	33.7	51.2	10.7	4.2	0.3	100

Note: number of responses different for each category as many respondents did not request all three factsheet types at the same time

3. How did you find out your current annual consumption?

	Responses	Percentage
Used average consumption levels on the factsheets	36	8.1
Used my last four bills	316	71.2
Used my last bill and multiplied by four	21	4.7
Guessed	10	2.3
Phoned current supplier	11	2.5
Did not work this out	15	3.4
Other	35	7.9
Total	444	100

4. How do you pay your bills at the moment?

	Responses	Percentage
DD monthly	310	69.8
DD when bill received	11	2.5
Quarterly cash/cheque	104	23.4
Regular payment scheme	12	2.7
Prepayment meter	4	0.95
Other	3	0.7
Total	444	100

5. Did the factsheets encourage you to change to another payment method?

	Responses	Percentage
Yes	83	21
No	248	62.8
Made no difference	66	16.7
Total	395	100

Note: many respondents misinterpreted this question as 'did the factsheets encourage you to change to another "supplier" instead of "payment method"

6. Do you plan to change your supplier after using the factsheets?

		Yes	No	Not sure	Total
Gas	Responses	231	86	84	401
	Percentage	57.6	21.45	21	100
Electricity	Responses	242	92	84	418
	Percentage	57.9	22	20	100

7. What other things would help customers to compare gas or electricity prices easily?

		Yes	No	Don't Know	Total
Having a figure for your standard/annual consumption on current bills	Responses	296	12	14	322
	Percentage	91.9	3.7	4.3	100
Having a figure for your standard/annual cost on current bills	Responses	264	17	17	298
	Percentage	88.6	5.7	5.7	100
A telephone service that finds the cheapest supplier	Responses	308	14	20	342
	Percentage	90	4.1	5.8	100
An internet service that finds the cheapest supplier	Responses	171	29	28	228
	Percentage	75	12.7	12.3	100

## Annex 7 - Ofgem's Price Comparison Service Specification

(see paragraph 4.8)

1. The service must be independent of any gas or electricity supplier. It can take commission from suppliers but this must not influence the provision of information. The service must state clearly if it receives commission from a supplier on its comparison list. Advertisements from suppliers or their agents should not be accepted.
2. The service must include price comparisons for all currently available tariffs for all suppliers (for gas, electricity and dual fuel). Comparisons should be on a like for like basis, but if they do not cover "historic" tariffs that are no longer generally available then this should be stated clearly.
3. Payment methods must include:
  - standard credit by cash/cheque
  - monthly and quarterly direct debit
  - Prepayment meter
4. Prices from no less than the three cheapest suppliers must be listed. Prices must include VAT (and state that they do so).
5. Customers should also be invited to consider quality of service issues and energy efficiency programmes and be told where to find this information.
6. Prices and price comparisons must be accurate and state when they were last updated.
7. Non-cash offers (eg Air Miles, supermarket points) must be listed separately where they are available. (This applies to continuing offers. Introductory offers do not have to be listed; they should not be included in a price comparison.)
8. "Bundled" offers (such as those that include telephone or other utilities, or free membership of an organisation) should list details of the offer separately.
9. The service should comply with all other appropriate legislation (including but not limited to legislation on misleading prices and comparative advertising and the Data Protection Act).

## Annex 8 – Energy Cost Index –accuracy or simplicity

(see paragraph 5.13)

### Energy Cost Index – examples of the trade off between accuracy and simplicity

It is possible to calculate a different ECI for each tariff and each payment method offered by every supplier for each region in which they supply. This would ensure that the ECI was accurate but would produce many thousand ECIs. While these would not all be included in comparative pricing information, the sheer number of ECIs could easily cause confusion, particularly for suppliers who would have to decide which one to use in particular circumstances.

One alternative would be to use the average ECI for a particular supplier. Although this might be easier to use and explain, it is not necessarily accurate. For instance, the tables below show the average ECI in pence per day for two suppliers in the London region – London Electricity and Eastern Electricity:

### London Region Average Energy Cost Index – Electricity

	Cash/Cheque ECI – (p/day)	Direct Debit ECI – (p/day)	Prepayment ECI – (p/day)
London Electricity	82.64	79.73	84.89
Eastern Electricity	86.47	80.87	80.85

These figures seem to indicate that Eastern Electricity is more expensive than London Electricity in the London region for customers paying by cash/cheque and direct debit. In fact this is not the case as analysis of the numbers used to calculate the averages shows:

## London Electricity – ECIs in London region

	Cash/cheque	Direct Debit	Prepayment
	ECl (p/day)	ECl (p/day)	ECl (p/day)
Standard	67.59	64.71	70.47
Economy 7	97.68	94.75	99.31
<b>Average</b>	82.64	79.73	84.89

## Eastern Energy – ECIs in London Region

	Cash/cheque	Direct Debit	Prepayment
	ECl (p/day)	ECl (p/day)	ECl (p/day)
Standard	66.33	63.34	67.11
Economy 7	95.17	92.18	94.58
Standard Late Pay	69.83		
Economy 7 Late	99.38		
Ecopower Standard	73.92	68.32	
Ecopower EC7	102.65	99.66	
Ecopower Standard Late Pay	77.31		
Ecopower EC7 Late Pay	107.20		
<b>Average</b>	86.47	80.87	80.85

These tables show that Eastern Energy's standard tariff and Economy 7 tariff is cheaper for all payment methods than London Electricity. However, Eastern Energy offers many more tariffs in the London Region than London Electricity does. Many of these have high charges per day compared to the standard tariff. For instance, Eastern's Ecopower EC7 Late Pay tariff has an ECI of 107.20p per day compared to the standard tariff of 66.33p per day (a difference of 40.87p per day). London Electricity, on the other hand, only offers a standard tariff and an Economy 7 tariff in its own area. The effect of averaging the tariffs to produce an overall ECI means that Eastern's ECI is around 20p per day higher than the actual price that most of its standard tariff customers would pay, but around 9p per day lower than most of its Economy 7 customers would pay. If customers living in the London Region were to rely on this information to compare Eastern's prices with those offered by London Electricity, they would incorrectly assume that London was cheaper.

The number of customers on each tariff will obviously vary. For instance, it is likely that most suppliers will have more customers on standard tariffs than Economy 7 tariffs. The number of customers supplied on “green” tariffs is likely to be small for most suppliers. As Economy 7 and green tariffs tend to be more expensive, in a simple averaging they will increase the overall average. Where customer numbers are known, it would be possible to weight an ECI to reflect the relative importance of each tariff. More weight would be given to the more popular tariffs (for example Standard tariffs) and less to the less frequently used tariffs (for example green tariffs). If this is done, the average will better reflect the spread of customers between different tariffs. Ofgem does not have sufficient information to calculate weighted averages for the purposes of this project. In any event, in terms of a requirement to display ECIs, suppliers would not be able to obtain details of their competitors’ customer numbers because of commercial confidentiality. This means that they would be unable to calculate weighted ECIs for use on their promotional material.

### Examples

In this example, Seeboard appears to be cheaper than British Gas for dual fuel in the Scottish Power region.

<b>ScottishPower</b>			
<b>Supplier</b>	<b>ECI p/day (based on medium consumption)</b>		
	<b>Payment Method</b>		
	<b>Cash/Cheque</b>	<b>DD</b>	<b>Prepay</b>
Powergen	156.36	150.61	150.97
Eastern Energy	160.38	150.98	155.33
London Electricity and Gas	164.16	157.80	171.77
npower	158.91	152.76	163.48
Northern Electric and Gas	162.41	154.11	155.90
Norweb Energi	161.41	155.96	200.64
SHE	165.69	158.09	171.57
ScottishPower	161.78	154.68	155.69
<b>Seeboard</b>	<b>142.97</b>	<b>133.46</b>	<b>145.78</b>
Southern Electric	165.69	158.09	171.57
Yorkshire	141.39	133.93	142.77
<b>British Gas</b>	<b>162.79</b>	<b>158.97</b>	<b>154.09</b>
North Wales Energy	160.83	155.79	160.52
Amerada Classic	161.21	152.31	148.07
Amerada Online	141.72	129.63	154.55



However, the ECI breakdown below shows that although Seeboard is cheaper for Direct Debit customers on a standard tariff it is not cheaper for cash/cheque or prepayment meter customers. It only appears cheaper because of the effect of British Gas' Economy 7 tariff on its ECI.

**British Gas**

	<b>Cash/cheque</b>	<b>Direct Debit</b>	<b>Prepayment</b>
	<b>ECI (p/day)</b>	<b>ECI (p/day)</b>	<b>ECI (p/day)</b>
Tariff Name	Medium	Medium	Medium
Standard	142.81	138.99	138.11
Economy 7	182.78	178.96	170.08
<b>Average</b>	<b>162.79</b>	<b>158.97</b>	<b>154.09</b>

**Seeboard**

	<b>Cash/cheque</b>	<b>Direct Debit</b>	<b>Prepayment</b>
	<b>ECI (p/day)</b>	<b>ECI (p/day)</b>	<b>ECI (p/day)</b>
Tariff Name	Medium	Medium	Medium
Standard	142.97	133.46	145.78
Economy 7			
<b>Average</b>	<b>142.97</b>	<b>133.46</b>	<b>145.78</b>

The ECIs for gas in the East Midlands Electricity (Powergen) region give a reasonable picture of the savings available. They show that Powergen and Yorkshire Gas and Electricity offer some of the most competitive tariffs in the region.

<b>East Midlands</b>			
	<b>ECl p/day (based on medium consumption)</b>		
	<b>Payment Method</b>		
<b>Supplier</b>	<b>Cash/Cheque</b>	<b>DD</b>	<b>Prepay</b>
PowerGen	69.75	67.83	59.95
Eastern	75.36	67.02	64.05
Elf at home	78.53	70.62	69.76
London Electricity and Gas	73.19	71.56	62.81
npower	75.69	74.75	64.66
Northern Electric and Gas	71.89	69.66	60.64
Norweb Energi	80.36	78.29	62.82
SHE	78.55	75.07	62.81
ScottishPower	73.68	67.54	62.40
Seeboard	75.91	70.42	66.92
Southern Electric	78.55	75.07	62.81
Swalec	75.32	72.28	65.96
Sweb Gas	74.64	71.13	64.03
Yorkshire	71.73	68.30	61.71
British Gas	86.78	77.55	61.01
Energy Supplies UK	81.86	74.12	64.05
North Wales Energy	74.21	71.86	64.03
Cambridge Gas	75.87	70.14	61.13
Amerada Classic	75.40	72.40	67.23
Amerada Online	74.52	70.05	73.71

However, as the tables on the next page show Amerada.co.uk's standard tariff is actually the cheapest supplier for customers [paying by Direct Debit. Because of the large number of tariffs offered by the company (see overleaf) including the more expensive 'Green' and 'Super Air Miles' tariffs the results become distorted, making the company appear more expensive on the ECl.

**British Gas**

	Cash/cheque	Direct Debit	Prepayment
	ECI (p/day)	ECI (p/day)	ECI (p/day)
Tariff Name	Medium	Medium	Medium
Standard	86.78	77.55	61.01
<b>Average</b>	86.78	77.55	61.01

**Powergen**

	Cash/cheque	Direct Debit	Prepayment
	ECI (p/day)	ECI (p/day)	ECI (p/day)
Tariff Name	Medium	Medium	Medium
Standard	69.67	66.79	59.95
No SC	71.68	68.80	
Age Concern	67.90	67.90	
<b>Average</b>	68.23	63.37	59.95

**Yorkshire**

	Cash/cheque	Direct Debit	Prepayment
	ECI (p/day)	ECI (p/day)	ECI (p/day)
Tariff Name	Medium	Medium	Medium
Standard	71.73	68.30	61.71
<b>Average</b>	71.73	68.30	61.71

**Amerada Online**

	Cash/cheque	Direct Debit	Prepayment
	ECI (p/day)	ECI (p/day)	ECI (p/day)
Tariff Name	Medium	Medium	Medium
Standard	73.02	65.53	73.71
Green	76.66	72.05	
Green PC Banking	74.94		
Standard PC Banking	68.42		
Super Air Miles	77.18	72.58	
Super Air Miles PC	76.89		
<b>Average</b>	74.52	70.05	73.71

This does not, however, mean that all calculations of the ECI will produce inaccurate results. The following Table shows an example of ECIs for gas in the Yorkshire region

**Yorkshire Region - Gas ECI**

Supplier	ECI p/day (based on medium consumption)		
	Payment Method		
	Cash/Cheque	DD	Prepay
PowerGen	69.75	67.83	59.95
Eastern	75.36	67.02	64.05
Elf at home	78.53	70.62	69.76
London Electricity and Gas	73.19	71.56	62.81
npower	75.69	74.75	64.66
Northern Electric and Gas	71.89	69.21	60.64
Norweb Energi	80.36	78.29	62.82
SHE	78.55	75.07	62.81
ScottishPower	73.68	67.54	62.40
Seeboard	75.91	70.42	66.92
Southern Electric	78.55	75.07	62.81
Swalec	75.32	72.28	65.96
Sweb Gas	74.64	71.13	64.03
Yorkshire	71.73	68.30	61.71
British Gas	86.78	77.55	61.01
Energy Supplies UK	81.86	74.12	64.05
North Wales Energy	74.21	71.86	64.03
Cambridge Gas	75.87	70.14	61.13
Amerada Classic	76.27	72.65	67.23
Amerada Online	74.52	71.59	73.71

It indicates (correctly) that (in October 2000) the cheapest supplier for cash/cheque payments and prepayment customers is PowerGen whereas for direct debit customers it is Eastern.

## Annex 9 – Energy Cost Index – medium or average consumption

(see paragraph 5.14)

### EME (Powergen) Region

Supplier	ECI p/day (based on medium consumption)		
	Payment Method		
	Cash/Cheque	DD	Prepay
Powergen	79.47	76.59	83.22
Eastern Energy	78.41	73.81	78.19
London Electricity and Gas	77.75	74.87	112.95
npower	73.60	71.39	90.38
Northern Electric and Gas	73.38	70.55	84.87
Norweb Energi	75.27	72.55	82.07
SHE	74.40	71.79	87.72
ScottishPower	77.91	72.12	85.93
Seaboard	78.10	75.79	88.75
Southern Electric	72.82	70.26	87.72
Swalec	73.54	70.97	81.97
Swep	77.75	75.42	95.81
Yorkshire	79.58	75.56	84.82
British Gas	76.61	73.74	81.25
Energy Supplies UK	81.32	77.44	86.42
Nortyh Wales Energy	75.27	72.55	82.07
basicpower	77.77	0.00	0.00
Unit(e)	91.44	88.56	105.59
Amerada Classic	76.85	73.11	82.07
Amerada Online	75.69	71.30	82.07

## EME (Powergen) Region

Supplier	ECI p/day (based on average of small, medium, large)		
	Payment Method		
	QP Cash/Cheque	MDD	Prepay
Powergen	84.11	81.23	87.80
Eastern Energy	82.93	78.19	82.56
London Electricity and Gas	82.33	79.18	119.07
npower	77.32	75.00	94.47
Northern Electric and Gas	77.40	74.58	89.66
Norweb Energi	79.43	76.58	86.65
SHE	78.99	76.20	92.66
ScottishPower	81.74	75.75	90.51
Seeboard	82.28	79.98	93.75
Southern Electric	77.32	74.58	92.66
Swalec	78.04	75.30	86.55
Sweb	82.33	79.86	101.36
Yorkshire	83.96	79.94	89.03
British Gas	80.58	77.71	85.78
Energy Supplies UK	86.24	82.36	91.34
North Wales Energy	79.43	76.58	86.65
basicpower	81.32	0.00	0.00
Unit(e)	96.90	94.02	111.30
Amerada Classic	81.10	77.12	86.65
Amerada Online	79.77	75.20	86.65