



Ofgem Consumer First Panel

Research Findings from the Second Events –
Billing Information and Price Metrics

March 2009

Contents

1. Background and objectives	3
2. Sample and methodology	4
3. Topics for discussion	7
4. Executive Summary	8
5. Main Findings	10
6. Evaluation of potential billing innovations and communications	19
7. The ideal bill.....	28
8. Price metrics	30
9. Conclusion	34
Appendix A – Agenda.....	35
Appendix B – Pre-Event Activity	40
Appendix C – Price Metrics with Consumer Comments.....	41

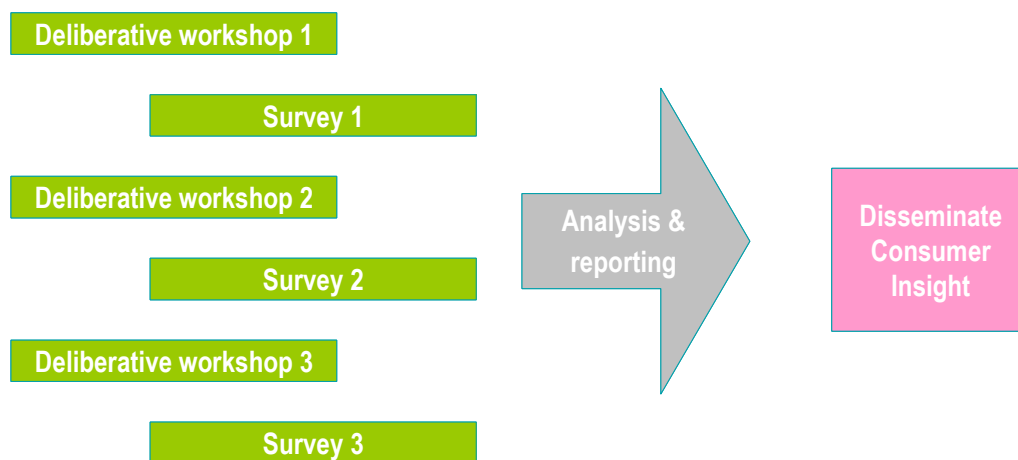
1. Background and objectives

The Office of Gas and Electricity Markets (Ofgem) is the economic regulator for the electricity and downstream natural gas markets in Great Britain. It has the key objective of protecting the interests of consumers. It does this by promoting competition where appropriate and regulating the monopoly business that exist in the transportation of gas and electricity. In recent years a number of issues surrounding the supply of energy to Britain's customers have introduced considerable challenges, for example dwindling natural resources, climate change, increasing energy prices and an uncertain economic outlook. In order to carry out its role as effectively as possible in the face of these challenges Ofgem recognises the importance of gaining clear understanding of the needs and expectations of energy customers.

Ofgem launched the 'Consumer First' initiative, a programme that includes a range of primary market and social research to help the organisation to ensure that policy development is consumer focused and that consultations are aligned with the abilities of consumers to respond effectively. As part of this programme, Ofgem has set up the 'Consumer First Panel', a diverse group of 100 domestic energy consumers recruited to take part in a series of research events and surveys and be 'the voice of the consumer' and a unique resource for Ofgem.

The Panel was designed to enable members to become 'expert' consumers – meaning that they are able to discuss the issues from a consumer perspective with a rounded view of how the industry works and knowledge of the business models involved. Participants will be called upon regularly to feed back on key energy topics and regulatory issues.

The overall programme is structured as follows:



Research events can be used to explore topics in depth, and intermediate surveys are able to quickly and cost effectively get feedback on specific issues or, for example, communications material.

2. Sample and methodology

Sample detail

In order to ensure a representative sample of consumers in Great Britain, and also to avoid many of the frequently researched population centres, participants were drawn from five locations.



The sample was constructed according to a number of key demographics:

- Gender
- Age
- Ethnicity
- Social Economic Group
- Tenure
- Rural/Urban
- Fuel poverty
- Payment method

Minimum quotas were placed on being an electricity-only customer and also on the energy suppliers to whom participants are signed up to, including the following:

- British Gas
- npower
- Scottish Power
- EDF
- Eon/Powergen
- Scottish and Southern Energy

While the Panel sought demographically to be as nationally representative as possible, in each location certain demographics were raised or lowered according to the surrounding region (e.g. a greater number of rural participants in Beverley).

The Panel of 100 was upweighted by 10% to mitigate against any dropout at the events. The overall sample was populated as follows (showing both those recruited and those that took part in the second event):

Panel sample

	Total / target	Achieved
	110	91
Gender		
Male	55	47
Female	55	44
Total	110	91
Age		
16-24	15	9
25-44	40	38
45-64	33	26
65+	22	18
Total	110	91
Ethnicity		
White British	96	80
White Other	3	4
BME	11	7
Total	110	91
SEG		
AB	25	21
C1	35	28
C2	25	21
DE	25	20
Total	110	90 (1 missing data)
Tenure		
Owner occupied	75	58
Social rented	21	18
Private rented	14	15
Total	110	91
Rural vs urban		
Urban	77	71
Rural	33	20
Total	110	91
Fuel poverty		
Yes	20	16
No	90	74
Total	110	90 (1 missing data)

All participants received a letter welcoming them to the Panel, as well as a 'participant contract', a (non-legally enforceable) contract that outlines:

- What the aims of the Panel are;
- Who their contacts should be if they have any queries between events;
- What they can expect from the Panel;
- What the Panel expects of them;
- How they would be recompensed for their time.

All Panel member details are held on a database by Opinion Leader, where all details on attendance and demographics are recorded.

Twelve members of the Panel were replaced due to no-attendance at the previous set of events. Participants were recruited purposively in the weeks commencing 5th and 28th January – i.e. using a door-to-door approach. They were all given information about the purposes of the Panel and of the commitment required at this stage, as well as a summary of the findings from the last events.

3. Topics for discussion

As with the first event, the second event was set up as a three hour deliberative evening workshop. It was decided that this event would be used to discuss two discrete topics. The first topic was an in-depth analysis of billing information and price metric information; the second, looked at future consumers and their engagement with the energy market. The first and second topics covered the following:

- Energy Billing Information:
 - Current bills
 - Evaluation of potential billing innovations and communications
 - Pricing metrics
 - The 'ideal' bill
- Future Consumers:
 - Changes in consumer engagement with the energy market
 - Changes in environmental attitudes
 - Views on future governance
 - Evaluation of future scenarios

The events included a presentation of findings from the first event, plenary work, group discussions on tables and collaborative group exercises. (The full agenda and all content used at the workshops can be found in Appendix A.) Participants were asked to complete a small activity prior to attending the workshop in order to warm up their thinking on the topics planned for discussion. This involved examining their most recent energy bill and highlighting areas that they thought were most/least understandable and most/least useful. (For the future consumer discussion, they reviewed a timeline charting developments in the energy market over the past 30 years and leading into the future).

This report details consumers' reactions to the findings from the last series of events (held in October 2008) and energy billing information and price metrics. A separate report on Future Consumers is available which explores the perceived challenges facing future consumers in the broader context of demographic and societal changes, and a range of future scenarios for electricity networks that could arise as a consequence of market and policy developments.

4. Executive Summary

Panel involvement

Involvement in the Ofgem Consumer Panel appears to be having an impact on some participants in terms of increasing their awareness of energy wastage and their options as customers. Participants report making small changes around the home to cut down on energy costs and some even give examples of being more proactive in their engagement with suppliers. However, suspicion about the reasons for high energy prices in the UK remain at the forefront of many consumers' minds and some continue to experience frustrations with their suppliers over customer service issues which may dampen enthusiasm to engage more fully with the energy market.

Views of Current Energy Bills

In terms of energy billing, many consumers are confused by their current bills, particularly when it comes to costs, usage, tiered rates and suppliers' own calculations. The key piece of information that consumers are interested in is what they owe, although information to explain their usage and costs is viewed as important, especially in the context of comparing suppliers and cutting down on energy to save money. However, at the present time, many consumers feel that bills can be confusing and identify areas for improvement. The ideal bill should therefore:

- Enable customers to understand their usage clearly
- Avoid complexity around costs and units (i.e. different charges in different tiers made easier to understand)
- Advise on possible savings
- Give currency to the units used (appliance energy usage to better inform behavioural changes)

The level of engagement with energy bills is variable. Those that check their bills in depth and understand the detail are the minority, leaving a large core of individuals that could engage with their energy bills more effectively if the information was more clearly presented and intelligently signposted.

Billing Information

During the workshops, Panellists were presented with mock-up price metrics and billing communications and asked to consider the usefulness of these information prompts, and whether they would encourage them to take any particular actions / change their behaviour. Information that explains, visually, how Kwh translates into appliance usage is particularly popular amongst consumers who believe that this will help them to understand their energy costs better and make necessary changes. In addition, finding out from suppliers if you are a high / medium / low user of energy is seen to have benefits, although some question what assumptions such information would be based on. In view of the billing information presented, consumers felt that the essential pieces of information regular bills should include:

- Cost (amount owed)
- Average Kwh cost during the billing period
- Kwh – what it means in terms of appliance usage
- Tariff information / options
- Usage classification (high / medium / low) - although there was some controversy over this and how it should be presented
- Payment method (i.e. Direct Debit)

Pricing metrics

Straightforward pricing metrics that enable consumers to compare suppliers and are presented in table format are understood by the majority of consumers. These tend to use single figures and require a minimal amount of interpretation. Those metrics that are more complex and require additional calculations to work out cost savings are generally not well liked; for example, those that include tiered tariffs or discounted rates. Many perceive that it is useful to have access to price metric information to compare suppliers and savings – particularly when related to their specific level of energy usage (low / medium / high) - but it is felt to be important that this information is consistently presented across different energy companies. Simplicity of the metric information is therefore the key point, whether through overhauling tariffs (which are currently not well understood) or refining the presentation to take the burden off the customer in interpreting cost savings.

Annual Statement

There is no clear spontaneous demand amongst consumers for an annual statement although many see that certain types of information could be provided on a less frequent basis than ordinary billing. These would most likely be:

- Month by month breakdown of energy consumption
- Annual consumption
- Average costs
- Energy saving tips (although some would like these as regular reminders)
- Advice on changing your supplier
- Tariff advice

However, consumers do feel it is important to receive updated information if energy prices rise or at the beginning / end of seasons so they can ascertain how this will impact on their bills.

5. Main Findings

5.1 Findings from the last workshops

The second events began with a recap of the findings from the first workshops, as a lead up to the main topics of discussion. The headline findings from the first events were:

- Domestic energy has transformed from a low involvement issue to one very much on consumers' radar, driven by significant price rises
- Consumers have been prompted to make behavioural changes to reduce their costs, but could benefit from more information and guidance to make more appropriate and significant changes
- Suppliers have a long way to go on providing high quality service; historically expectations have been low but the greater resonance of cost is likely to increase what consumers expect
- Considerable scepticism about suppliers' motivations has led to a trust deficit which may be difficult to overcome
- Consumers give considerable feedback on what would make the comparison of suppliers and tariffs easier. A number of learnings emerged from other sectors - this boils down to:
 - Simplification of tariffs
 - Standardising pricing in a way that consumers understand
 - Translating costs into usage more effectively
 - Providing information to help people understand and modify their behaviour
- The internet is the main source of comparative information currently which raises an access issue for those not online
- There appears to be a gap for a trusted, independent comparison site

When asked their reactions to these results, participants generally agreed with the outcomes of the research with some commenting that it had been good to hear others' viewpoints and learn more about energy wastage.

"I was surprised by the energy you use leaving things on standby."

5.2 Observations of the energy market since the last workshop

Several media headlines have caught the attention of participants since the last series of workshops. Most are aware of energy price cuts and noted that a supplier had reduced its prices. This in turn has prompted questions about why other suppliers have not followed suit in making reductions, why price rises have not been instigated with immediate effect and whether or not electricity bills will drop in the future. Moreover for some consumers, the price cut is dwarfed by the fact that price rises last year were so high meaning the reduction appears insignificant.

As with the last workshops, it is also observed that oil prices have fallen but without any noticeable benefits for customers in the UK; gas prices have continued to remain high and consumer bills have risen. A minority of consumers say that they have heard that energy bills will be lowered but that they are yet to see any change. Some have heard that there has been a drop in demand for energy due to the recession, and in terms of supply, consumers are aware that there are issues with Russia. However, for the GB customer, aside from price cut, few beneficial changes were observed.

“I thought I heard that energy prices are going down – been comparing the US and UK market and we are the worst for bills.”

5.3 Update on consumers’ experiences

Participants report that communications issues persist with their suppliers. An issue mentioned by many is not being forewarned of increases to Direct Debit payments, especially at a time when many are highly concerned about price increases. This highlights the confusion amongst some consumers about the exact meaning of tariffs, and especially capped tariffs where price rises have not been anticipated. A handful of participants say that they have even cancelled their Direct Debits, prompted by price increases occurring without notification.

“I swapped before last workshop – selling point was to reduce direct debit. But they increased it two months in.”

Some participants also discuss their ongoing frustrations when contacting their suppliers; the degree of ‘hassle’ involved in trying to resolve their billing queries indicates that in many people’s eyes, customer service requires substantial improvement. Others remain indignant about price rises and believe that there is not enough Government action to protect customers:

“It seems that they [energy suppliers] want to get hold of the money and keep hold of the money.”

Overall, however, consumers’ experiences with suppliers are far ranging and positive experiences are reported; where bills have been lower than anticipated or customer service agents have been particularly helpful.

“When I have telephoned them they pick the phone up very quickly and you get someone intelligent at the end... they don’t fob you off.”

5.4 Changes made since the last workshop

Many participants now show evidence of more proactively engaging with the market, taking the initiative with their suppliers and making small behavioural changes.

Some Panellists have discussed energy issues with friends and / or family since the last workshops – such as their surprise at energy wastage if appliances are left on standby – and a minority have even gone so far as to try to change the culture in their house in an effort to reduce their energy usage. Many say they have been making efforts in practical terms to further reduce their energy wastage, suggesting that participation in the Panel is inspiring some to alter their behaviour. Examples of activities include:

- Changing to energy efficient light bulbs
- Turning off / unplugging appliances, especially TVs
- Fitting/investigating cavity wall or loft insulation
- Taking mobile chargers out of the socket
- Upgrading / altering heating systems
- Using open fire more frequently
- Not having heating on full

“I have tried to be more economical with things – both for energy saving and safety. If you leave your mobile charger in the socket it uses energy – I take these out now.”

“Now I don’t leave my TV on – I know that plasma uses more than 10 times more electricity than a LCD.”

“I have decided to have a wood burner fitted after the discussion – to reduce cost, [it] will heat water – and I can keep a firmer eye on the cost.”

Furthermore, some Panellists have been shopping around for different suppliers and tariffs in the hope of reducing their energy costs. Amongst those that have investigated their options, some find it difficult to discern the best deal for them via websites. However, others report successful outcomes and have changed their supplier and found switching straightforward. Generally speaking, therefore, some Panellists appear more prepared to take the initiative with their suppliers, for example, calling up to find out about insulation rebates, different tariffs, or to question assumptions on their bills.

“I rung the company I use and I analysed the service more.”

“I complained to [supplier] when my standing order had doubled and I was told they would consider reducing it– I would not have done this without coming here first. Seems if you ring up they will change what they do.”

“I knew there were different tariffs [since last meeting]... I looked into it a little bit and rang up”

“[I] got fed [up] of estimated bills so email them a reading each month.”

“I had heard on the news about switching but had never visited an electricity site before the workshop and never thought about different tariffs afterwards. Now been on a price comparison website, rung up to see what was the cheapest tariff was – I surprised it was an online tariff – and I signed up!”

However, there are a few Panellists that are less engaged and deterred by the hassle factor involved in exploring their options and changing suppliers or tariffs. They question whether there is any benefit in switching suppliers since in their view all suppliers alike (and prices high).

It is important to note that for both those that look into switching suppliers / deals and those that are broadly resistant to the idea, confusion around tariffs can be a real barrier. It is noticeable that many consumers are perplexed by tariffs and may struggle to see which tariff is best for them, the following aspects being particularly difficult to grasp:

- Capped prices
- Variable unit prices / thresholds
- Why tariffs vary (i.e. their purpose does not have the clarity of – for example – mobile tariffs)

5.5 Vulnerable customers

In order to supplement the findings of the panel workshops and better understand how energy bills are experienced by vulnerable customers, face-to-face interviews were conducted with low literacy customers and focus groups with low income, elderly customers and low income families.

Low income elderly

For the elderly customers on a low income, the practice of ‘tactical’ heating behaviour is common - such as heating specific rooms at certain times of the day to economise - and energy efficiency is more likely to mean insulation rather than purchasing new appliances and energy saving ‘gadgets’.

‘Staywarm’ and similar fixed debit schemes are popular as consistency appears to be important to this demographic. The prospect of changing one’s energy supplier is a daunting prospect for this group; it is viewed as complex and consumers anticipate that there is much that can go wrong.

Those in the 75+ group were not engaged with the climate change message, and all generally tended to view it as a something that they needn’t act on given the apparent lack of action from others:

“Every light in town is on and most of the stores are too hot!”

However, there are few ultimate differences compared to other consumers in terms of reactions to billing information and pricing metrics.

Low income families

There was particular concern amongst low income families about estimated bills since an underestimated bill going unnoticed can be a serious concern where budgets are tight. There is also considerable cynicism that competition in the marketplace is genuinely of any benefit to them. Low incomes families also express concerns about the pre-payment meters differential and that a payment is required to remove the meters themselves. (If they choose to have a standard credit meter, a supplier may then require a security deposit.)

As with low income elderly, there is little support or concern over issues of climate change in itself (i.e. aside from some mentions of energy efficiency).

Low literacy individuals

Low literacy individuals may correspondingly have a low income and therefore likely to have pre-payment meters and may be unable to access other payment methods. Energy bills are generally harder than other invoices to comprehend, such as phone bills. This group may turn to friends / family to help them to understand their bills. Low literacy individuals can feel intimidated by suppliers and less likely to contact them directly if they have a query; this could be because they are daunted by having to supply and discuss information that they do not fully understand themselves – especially around payment and meters, and are generally confused by the written communications they receive from their energy supplier (more so than with other billing information, such as phone bills). Thus there is a preference for personal contact points, such as shops or telephone support where they can seek help and have areas of difficulty explained.

5.6 Examining current energy bills

Prior to attending the workshops, all Panellists were given a pre-event activity to complete involving their most recent energy bill (see Appendix B). They were asked to consider the following questions and annotate their bills to demonstrate:

- Which parts of the bill are most easily understood (what are these parts are understood to mean)?
- Which parts of your bill are most useful?
- Which parts of the bill are least easily understood (what are these parts are understood to mean)?
- Which parts of your bill are least useful?
- What do you think about the level and type of information provided on your current bills overall?

- What is missing? Why?
- What could you do without? Why?
- What's the one piece of information that would make your bill more useful?

Participants then shared their thoughts on their current bills during the workshops. Due to the fact that not all Panellists regularly receive paper bills – i.e. if they are on prepayment or paperless billing – and some had not received a bill since the last workshop, anonymous mock up bills were also provided as stimulus material to aid discussion. Participants could easily draw attention to areas of current bills which they found difficult to understand, which were mostly pricing units and calculating charges.

5.7 Understandings of current billing information

The parts of bills that consumers have greatest difficulty with are units of measurement, both kWh and variable rates. 'Kwh' lacks meaning in terms of actual price or appliance usage - consumers do not clearly see how their usage during a particular billing period translates into costs since energy units have no currency at present. For example, 'primary', 'secondary' and 'unrestricted' units are terms that many consumers do not understand and some were also unsure how units of energy relate to time periods. Participants feel that units should be expressed in a more straightforward way so they can understand energy usage in monetary terms accurately.

Variable charges during the billing period, tiered units and different pricing structures tend to cause confusion. A number of participants think that units of energy should be structured so that they increase in price beyond a certain point, to encourage energy efficiency. Having two different rates (one higher and one lower), with cheaper energy units beyond a certain threshold appears to offer no incentive for consumers to reduce their consumption, save money or aid the environment. Furthermore, many participants do not understand their current pricing plans and tariffs and question whether costs vary according to the time of day or according to a tiered block.

“Two tariffs on my electricity bill [and] I want to know when the cheap electricity happens. I assume that some is cheap and some is more expensive.”

“[I] don't know why it changes, it's a big difference too – [I] want to know what the cut off is – when you move from one price to another.”

“First 134kwh equals ££, next kwh equals ££ – it just says first and next. I don't get it really.”

Complicated calculations - such as calorific value - also pose great difficulties and few consumers understand gas measurements expressed in cubic metres. Most assume that suppliers' calculations are correct and few will check them for validity, although many participants *will* cross-check their meter

readings. However, some are also confused by their estimated and actual meter readings, especially when comparing them in units.

“This is how clever you have to be – the difference – one unit – with multiplier value 2.83, conversion value 1.0226A, calorific value 39.4 – I’ve just written ‘what?!?’”

“In terms of money, what is a cubic metre?”

The key piece of information that participants are most interested in is what they owe; in principle, the big number at the bottom of the bill. Given the lack of clarity around energy units, direct costs currently have greater tangibility as kWh units do not carry meaning in terms of price. Other information found useful by consumers are dates of the billing period and whether or not they are in credit. The table below summarises the easy and difficult aspects of energy bills that consumers identify:

Easy	Difficult
<ul style="list-style-type: none"> • Amount owed (in monetary terms) • Customer account number • Customer helpline / emergency number • Different methods of payment • Meter readings (though greater clarity on estimates would be welcomed) • Dates 	<ul style="list-style-type: none"> • Units (Kwh and Kwh / pence) • ‘Primary’ and ‘secondary’ units • ‘Unrestricted’ units • ‘Discounted’ energy (given in units) • Tired pricing / variable rates • Calorific value (gas) • Equations / conversion factors • Cubic meters • Standing / meter charges • Amount in credit (‘debit’ and credit terminology not always clear)

Level of engagement with energy bills

Engagement with energy bills is variable as some customers will look at their bills in greater detail than others; there are those customers that are prepared to check the detail and accuracy of calculations on their bills and meter readings, whilst others are happy to simply look at the amount owed and pay it, giving their bills a minimal amount of attention in the process. The level of engagement with energy bills could, therefore, be said to fall into three broad categories depending on whether the level of interest of the consumer is low, medium or high:

- Low level:
 - Tendency to only look at amount owed
 - No interest in calculations
 - Do not check supplier’s assumptions

- Medium level:
 - Parts of bill not understood
 - Less likely to check supplier's calculations beyond meter readings

- High level:
 - Suppliers assumptions checked
 - Calculations largely understood

Few participants report that they like performing their own calculations and, therefore, most accept that a supplier has performed cost calculations accurately. Such participants have a lower level of engagement with their billing information and tend to only consider what they owe. The majority of participants tend to occupy the middle ground; there are aspects of the bill they do not fully understand (particularly complex calculations and unit pricing) which they may try to engage with but then give up on. Finally, some participants have a full understanding of the information on their energy bills and are likely to engage with them at some length (they may even enjoy the challenge!). Those more engaged consumers that like to check the supplier's calculations for added certainty are usually older customers.

"You have to hunt for what it costs you and you have to work it out yourself."

"I never check.... I accept the way they've calculated but I don't check"

Low literacy consumers

The in-depth interviews with low literacy consumers revealed that these consumers are unlikely to engage with their bills in any depth and may receive infrequent bills if they are on pre-payment meters. The language used on bills can be confusing – such as to denote between 'credit' and 'debit' payments - and some may be unsure of how to read their meters without assistance. Energy bills are said to be harder to understand than other bills, such as phone bills, and words more than figures generally tend to cause problems.

Improving energy bills

To improve current energy bills, consumers feel that there should be a clearer breakdown of the information; for example, at what point energy units become more expensive on tiered tariffs. Units should also be presented in a more straightforward and consistent manner so that rates and charges are transparent and comparable across different suppliers. In addition, simplification of the overall language and layout of bills may go towards helping consumers to access the detail which they normally overlook due to the level of complexity - for example, having simple and essential information on the front of the bill and detail provided on the back, with better signposting and labelling throughout.

"It's all clumped together and you take their word for it."

Several positive comments are made about the comprehensibility and presentation of a supplier's new billing style. Consumers also praise the use of charts on bills or online to compare periods of energy usage and the separation of gas and electricity billing to avoid confusion.

Consumers would like to be supplied with information about their energy in terms of how much it costs to run appliances - providing units are easy to understand. When asked about the information that is missing from present bills, consumers respond that greater clarification around standing charges and forewarnings of price increases (especially for Direct Debit customers) is important to include. A few also mentioned that a 'genuine' customer helpline would be beneficial.

"I would like to see a bar chart showing me how much I have paid each month – so [I] can assess if I am using more or less as time goes on."

6. Evaluation of potential billing innovations and communications

6.1 Energy information for use on bill or statement

After discussing their current energy bills, participants were shown eight mock up pieces of information to encourage discussion on:

- Whether each bit of information would be useful
- Whether it would encourage them to take any actions as a result
- When / how often they would like to access this information (i.e. quarterly bill or annual statement?)

Each piece of information was shown in isolation and then considered in total at the end when participants worked in groups to draw up ideas for the ideal energy bill.

Billing Innovation No. 1 – Tariff Information

Your current scheme is Home Tariff 1.

There are mixed views on the usefulness of tariff information being provided on regular bills due to the fact that consumers have different levels of awareness about tariffs in general. Without prior knowledge on what differentiates tariffs and the key benefits of different tariff options, this information prompt has limited usefulness.

In principle, participants see that knowing their tariff has the potential to be useful in the context of switching suppliers (especially in conjunction with information on current payment methods, page 24), but first there needs to be greater clarity around what tariffs mean – i.e. information beyond what a tariff is called as this is still an issue. Some participants even feel that suppliers should be communicating directly with their customers to offer advice on which tariffs are most suitable, suggesting that consumers currently find it difficult to identify which tariff is best for them without advice (see billing innovation – other tariffs / schemes on page 25 for further information on consumer reactions to advice on tariffs).

The key issue raised by this information prompt is that presently tariffs do not clearly serve the interests of the consumer, and that many consumers still have little knowledge about the particular tariff they are on or of tariff options generally. There is a sense that there is no clear and tangible differential between energy tariffs in the way they are currently presented to consumers (for example, mobile tariffs clearly

differentiate by volume of service used or through specific characteristics of service use, such as talking versus texting, while certain energy tariffs are merely differentiated by the existence of paperless billing which is more of an optional extra for many other services.)

“Will you tell us what the tariff means and the benefits?”

Low literacy consumers, in particular, lack knowledge of their current tariff and may not understand what a tariff is. This highlights the fact that explaining energy tariffs on bills (using clear language and presentation) and communicating their point of difference in terms of benefits for energy consumers is necessary if consumers are really to engage with their options and the idea of switching. Simply informing consumers of their current tariff in isolation will be not be useful information for many customers without supplementary explanation.

“I suppose tariff means rates of change?”

(Low literacy)

“Tariff – I don’t know what that means”

(Low literacy)

Billing Innovation No. 2a – Total Energy Usage

**Between 31st March 2008 and 31st March 2009,
you have spent £466 on your energy usage.**

Some participants feel this is useful information, and are keen to know the total amount they have spent over the year on electricity. It would also be useful when comparing suppliers if the other suppliers were able to give an expected yearly cost.

However, other participants suggested ways in which this piece of billing information could be more useful. Some feel they would like to know how the amount spent compares to their expenditure over previous years; this would enable them to quickly see if their bills have risen or been reduced. Some also state they would like to see this information supported by the number of kWh used.

“I would want to know how much I had spent last year to compare.”

Overall it was felt this prompt was not all that helpful as a stand-alone piece of information but could be helpful if combined with other usage information.

Billing Innovation No. 2b – Total Energy Usage

**Between 31st March 2008 and 31st March 2009,
you have used 3,546 kWh of electricity.**

There are generally mixed views about the usefulness of this prompt as a standalone piece of information because some participants feel that it requires further breakdown - e.g. by month / in monetary terms. However, many participants see total usage information as very useful for comparing suppliers, especially if customers have an annual bill or statement detailing the amount they have spent on electricity per year (as outlined in billing innovation 2a above)

Some participants feel that this information may encourage people to consider their usage and tariff more carefully and see that it could be very useful if combined with cost information (see billing innovation 2a - £ spend on energy per year, and also billing innovation 3 – 100 kWh average cost, page 21).

“You might want a proper breakdown – add to it – break down into units per year.”

Billing Innovation No. 3 – 100 kWh Average Cost

**100 kWh of electricity cost £xxx on average
during this period.**

This information prompt detailing the average cost of 100kWh electricity over a given billing period is generally viewed by consumers as useful for understanding current energy costs and many can envisage it featuring on regular bills. However, some participants find it complicated as it is expressed in kWh and question why it should be based on an 'average' cost (tiered tariffs were not factored in the interpretation of this information). In particular, low literacy participants struggle to understand kWh. It is not until this prompt is shown alongside information that tells consumers what they can do with 1 kWh of electricity in a visual format (see page 23), that the real value of this information stands out. Consumers can then see how 1 kWh translates into appliance usage.

It is felt that this information could be a useful and standard measure for allowing a proper comparison between suppliers and would be suitable on switching websites. Some participants think it may also help change their behaviour because they can economise if costs are better understood. This information highlights that for many consumers, awareness of price is a real motivator for instigating behavioural change and they value knowing the price of the energy they use.

“I think this is a key figure but I would like to know how much the other companies charge.”

“This is useful – you need to know the cost – this is what is going to change habits.”

“I would like to know what I had spent but that means nothing to me”

(Low literacy)

Billing Innovation No. 4 – High/Medium/Low Classification

By our calculation, you are classed as a high/low/medium user.

Many participants see value in knowing whether they are a high / medium / low user of energy and would like to have this kind of feedback on their energy consumption from suppliers, providing it is coupled with further guidelines or recommendations on energy usage. With the right kind of supplementary information then, these consumers see that classification could help them to reduce their expenditure. However, some Panellists feel they can already determine what kind of user they are - particularly those who assume that they are high users of energy – and therefore do not see the information as relevant.

There is some confusion as to whether this classification would relate to absolute or relative usage and how suppliers could ensure that the right amount of detail was collected to ensure accuracy of the data. Some participants understood the classification as an energy efficiency message and wondered how it would be calculated, rather than seeing it simply as an energy usage message. A few participants also raise the issue of whether low, medium or high use stigmatises people. These comments suggest that such broad categories may be too 'blunt' an instrument unless they carefully and sensitively differentiate between customer types.

Nevertheless, the usefulness of this data became more apparent later on in the discussion when the information was used in conjunction with one of the price metric iterations that refers to high/medium/low usage. In this context, consumers saw it as very helpful for comparing suppliers and assessing how their usage level relates to costs.

Consumers perceive that this information could be appropriate in both annual statements and regular bills. With further clarification and refinement these classification may garner wider acceptance.

"[It] would be good to know if you were a high what you could do to be a medium."

"Fine up to a point but how do they calculate it?"

Low literacy customers display some concern about how this information would be obtained, despite being interested in knowing what type of energy user they are. This reiterates the point that providing suppliers with information can be daunting for some consumers.

"How do they know which I am – I would be concerned they would need loads of info from me" *(Low literacy)*

Billing Innovation No. 5 – What can you do with 1kWh of electricity?

What can you do with 1kWh of electricity?

Below are some average running times for common appliances using 1kWh of electricity. For all appliances, running costs will depend on the age and efficiency of the appliance.



Kettle
Boil 12 pints of water



Washing machine
1 cycle (60° wash)



100w lightbulb
10 hours



Dishwasher
approx 1 cycle

This information prompt provoked the most interest amongst consumers out of all the mock-ups that they were given. It is well liked for being educational and giving tangible meaning to energy use,

generating discussion about which appliances are the most energy intensive and how frequently they are used. However, some participants question the accuracy of the data given differences between appliances in terms of their age and efficiency and believe this would need to be factored in for such information to be robust.

This type of information could be an effective tool for encouraging behaviour change since it informs consumers about usage in a straightforward manner and helps to make energy bills more meaningful. There was, however, little consensus on whether this should be provided on every bill (it is even suggested that it could actually feature on appliances themselves), with some participants reckoning that each bill could show different appliances whilst others sensing that they would not need to see this information frequently.

“1 kWh means nothing to me – this helps bring it to life. But you don’t need this on your bill. This would be more useful on the appliance.”

“All you would need would be a chart once a year that is sent to you... I would keep this and put it on the fridge – and also it would be good if you could get it online.”

Billing Innovation No. 6 – Current Payment Method

Current Payment Method

You are paying for Home Tariff 1 by standard quarterly credit (i.e. you receive a bill each quarter). If you opt to pay by Direct Debit, you could save up to £xxx each year (compared to Standard Credit). This would be the cheapest way to pay for your chosen tariff.

The clear language used in this information prompt is welcomed by customers. Consumers are receptive to positive advice on how to save money as guidance on cost savings is always appreciated. The main attraction of this information prompt is therefore knowing whether you can save money or whether you already are saving money.

“Make it really clear and bold – we are busy people and want it to be obvious.”

Given consumers’ concerns about Direct Debit payments increasing without notification, additional clarity about price increases and payments would be welcomed, plus any changes to billing systems.

Panellists are also aware that not all customers are likely to be able to pay by Direct Debit and some have observed that Government is pushing for those on lower incomes not to be penalised by energy providers. This raises the questions of whether information on changing payment methods should only be sent to those eligible, lest it could be seen to penalise customers on low incomes as they may not qualify for certain savings. Some Panellists believe that suppliers should provide information on bills about where to go for help if you are struggling with your energy payments and how to apply for cheaper energy – for example, if you are an older customer. Older customers, particularly those aged 75+ and on low incomes, tend to be even more suspicious of Direct Debit payments than other customers.

“No one is going to say no to cheaper bills!”

Billing Innovation No. 7 – Other Tariffs / Schemes

Other tariffs/schemes

Given your current usage and chosen payment method, we calculate that by switching to our Fixed Home Tariff (Dual Fuel), you could save up to £xxx. This would be the most appropriate and cheapest tariff that we can offer you at this time. By choosing to pay by Direct Debit, you could save a further £xx.

This information prompt is broadly popular as it makes customers aware of their options. However, it is subject to previous points about tariffs being better realised in terms of benefits and understood more clearly by consumers; at present, comparing tariffs on a like-to-like basis is very difficult for the majority of customers and not user-friendly.

Participants feel that it is important for customers to be aware of different tariffs and schemes - especially if bills are high - so that they have the opportunity to save money, although few see this information as a high priority feature on regular bills.

There is agreement that suppliers should automatically recommend or put consumers on cheaper tariffs if they are not currently on them, so that customers are on tariffs that personally suit their needs. Some participants ask why this is not already the case.

“Why are they telling me? Surely they should automatically do it if it is cheaper?”

“Some people need tariffs explained to them.”

"[You'd] want to know if there are different tariffs – but yearly would be ok – want to know sooner rather than the end of the year."

Billing Innovation No. 8 – Current Payment Method

Changing your supplier

If you would like to switch to another gas or electricity supplier, contact Consumer Direct, the government-funded telephone and online service offering information and advice on consumer issues. It can offer advice on who to contact to find other tariffs with different suppliers. It can be contacted on 08454 04 05 06 or www.consumerdirect.gov.uk.

Overall, Panellists found this prompt useful but place this as a lower priority than the other information prompts. The idea of a Government-funded point of contact is well-liked as it is viewed as an impartial source of information and could be particularly useful to call once consumers have collated all their other energy information - for example, the information prompts on annual usage and tariff type. Some feel that if this featured on every bill it might instil greater confidence in consumers as it shows awareness on the behalf of suppliers.

Moreover, if better information is provided and improvements made in terms of the clarity of bills and tariffs then there might be less need for consumers to consult an independent source of advice. Some Panellists now distinguish between themselves and the broader public and say that those who are not as 'informed' as they are would particularly benefit from independent advice. Some participants also feel it is important that the contact telephone is free to call.

"We are on the panel now so quite well informed but others might need it."

"If all other stuff was implemented then you might not need this."

"This should be in small print on every bill."

Energy Savers

Switch off TVs, DVD players, phone chargers and other appliances when they are not in use – this could save you up to £60 a year!

Lag your hot water tank. A tank jacket pays for itself in just a few months.

The majority of consumers viewed this information prompt as common sense / common knowledge and did not see it as particularly useful compared to the other information prompts. However, there are those participants that feel it is important to receive regular reminders or 'friendly hints' about ways to save energy and say they would find this useful. Many consumers feel that they are already making efforts to cut down their energy wastage, suggesting that energy saving advice may need to be more creative to truly be noticed by the majority of customers. There is also suspicion about 'myths' and contradictory advice when it comes to energy saving, highlighting the importance of having consistent messages across suppliers.

It is felt that energy tips could be particularly relevant to younger people or those occupying their first property and for consumers during the winter season. The majority of consumers see this advice as being more appropriate on annual statements than regular billing as there is some concern about overloading bills with too much information.

"We know that already. Might reinforce it. Not going to hurt."

"Energy tips maybe shouldn't be as low down... We're always going to get younger people who don't necessarily know it."

7. The ideal bill

Participants worked in groups of five to put together their ideal energy bills and annual statements and fed back their views in a plenary session.

The contents of each group presentation varied considerably, but the ideal energy bill tended to feature the following:

- How much you owe
- How much energy you have used
- Average kWh cost during the billing period
- kWh – what it *means* in terms of appliance usage
- Tariff information / options
- Usage classification (high / medium / low) – although as discussed, there is some controversy over how this should be presented
- Payment methods (i.e. Direct Debit)

The information that consumers see as most important is, first and foremost, the amount owed, followed by how much energy they have used and how much this energy costs. Yet to give this information greater salience, consumers would like energy units and variable rates to be better explained and presented. Additional information that is perceived to be valuable beyond this is whether you are classified as a high/medium/low user (particularly valuable to if you are a high user), your particular tariff and method of payment, plus options for future savings. It is also seen to be highly necessary to have a contact telephone number clearly marked on bills in case consumers have any queries about the information they are provided with.

“All this information depends on there being someone on the end of a phone.”

“Bills should have a simple layout, more simple than now, and a free phone number, [with] trained people at the end of the phone.”

Annual Prompt/Statement

As previously discussed, there is little overall consensus as to whether additional information - such as tariff options and impartial advice on suppliers - should be advertised on regular bills. Some participants suggest that extra detail could be included on the back of bills (payment options, energy saving tips and how 1 kWh translates into appliance usage) to ensure that the clear information on costs and rates is presented on the front and the information is separated out. There was also no spontaneous desire for an annual statement, although participants (largely those more engaged with their bills) could see the benefits in terms of having reminders at the beginning / end of seasons about switching or saving energy. In terms of the frequency of the information provision therefore, the following were broadly identified as more suitable to an annual or bi-annual statement format:

- Monthly breakdowns of energy usage
- Annual consumption
- Average costs
- Energy saving tips (although some would like these as regular reminders)
- Advice on changing your supplier
- Tariff advice

Participants show real interest in knowing about financial savings they may be eligible for and are very receptive to advice on how they can reduce their energy expenditure overall. They would like to be better informed about costs and the energy they use. The ideal bill is, therefore, one that presents essential information in a straightforward and well thought-out manner (i.e. what is owed, how much energy has been used and the price of energy) *and* informs the consumer on how they can save in future. In this way, bills have the potential to be both functional and educational. However, any supplementary information provided must first take into account that most consumers' understanding of tariffs and units of energy is low, and these need to be explained.

Consumers feel that the ideal bill should be easy to understand and that it should be simple to review their energy usage. With the correct information to hand, it would be easier for them to compare tariff options and suppliers – particularly if the information is consistent across suppliers. Participants also see that information has the potential to engender the changing of habits; for example if they discover they are a high energy user, they can economise and attempt to be more environmentally friendly.

“They should suggest ways of reducing costs.”

8. Price metrics

After considering billing information, Panellists were shown nine price metrics to make comparisons across different suppliers. It is worth mentioning at this point in the report that a finding from the previous event was that consumers find it difficult to compare suppliers – especially via price comparison and supplier websites – primarily because the presentation of tariff and cost information varies considerably between sites. Therefore, many consumers felt that if the information was standardised across suppliers and charges presented in simpler formats, they would better be able to compare suppliers and tariffs on a like-to-like basis - which could in-turn aid their prospects of finding a better deal and possibly switching. Given this background, price metrics of varying complexity were developed and presented to consumers in order to gauge their reactions to different formats and discover which information they see as most helpful when comparing suppliers. For each metric, they were asked to consider the following:

- What is useful / less useful?
- What parts of the price formats are not clear?
- What are the key benefits of this type of information?
- What actions might they take as a result of this information?
- Where would they like to see this information?

Each metric is presented in Appendix C, alongside consumer comments. The general themes that emerged during the discussion of metrics are discussed below.

Simple price metric

Energy Company 1	Payment Type: Standard Credit		
	Electricity Only		
	Low User 1,650 kWh	Medium User 3,300 kWh	High User 4,950 kWh
	£190	£445	£790

Energy Company 2	Payment Type: Standard Credit		
	Electricity Only		
	Low User 1,650 kWh	Medium User 3,300 kWh	High User 4,950 kWh
	£230	£450	£750

Simple tables showing actual energy costs in a £ per annum format and high / medium / low classifications are generally considered by many consumers as a straightforward way for comparing suppliers. Most participants could understand the price metric displayed above (which uses kWh usage and energy classifications together), and perceive that it has even greater usability when shown in conjunction with billing information prompt 4 (which classifies consumers as high / medium / low users) and prompt 2 (which gives customers knowledge of their annual usage). Participants see that they could easily make comparisons across suppliers if given access to all three pieces of information.

Consumers point out some negative aspects of price metric information being presented in this format; firstly, some feel that it could be a disincentive to using less energy, and secondly, some customers may fluctuate in their energy usage (i.e. would the low/medium/high classification be over a quarter or a

year?). Participants also think that they first need to know their yearly usage in kWh for this metric to have real value. Thus, as a standalone piece of information for comparison, this metric may be viewed as complicated without further explanation – i.e. what high/medium/low usage means.

Nevertheless, the table format is liked for its simplicity and straightforwardness and represents the most popular price metric amongst the majority of Panellists, as it is the easiest to understand.

“For comparing it’s easy as they’re on the same units. It’s individual. Like it. To the point, it’s easy.”

Colour Price Metrics

Energy Company 1	Payment Type: Standard Credit		
	Electricity Only		
	Low User 1,650 kWh	Medium User 3,300 kWh	High User 4,950 kWh

Green = cheaper than average
 Orange = average
 Red = more expensive than average

Energy Company 2	Payment Type: Standard Credit		
	Electricity Only		
	Low User 1,650 kWh	Medium User 3,300 kWh	High User 4,950 kWh

Green = cheaper than average
 Orange = average
 Red = more expensive than average

Colour-only price metrics are very unpopular amongst some Panellists as they feel colour band tables require too much interpretation. They also perceive that colour systems would have to be the same across suppliers for this system to work in practice and worry that the information would be based on “assumptions” if exact amounts are not provided industry-wide. There is the added issue that a colour band system is not suitable for those that are colour-blind.

However, a few participants respond that a price metric colour system is user-friendly. In light of these mixed comments, a combined format suited more participants, as described below.

Combined formats

Energy Company 1	Payment Type: Standard Credit		
	Electricity Only		
	Low User 1,650 kWh	Medium User 3,300 kWh	High User 4,950 kWh
	£190	£445	£790

Green = cheaper than average
 Orange = average
 Red = more expensive than average

Energy Company 2	Payment Type: Standard Credit		
	Electricity Only		
	Low User 1,650 kWh	Medium User 3,300 kWh	High User 4,950 kWh
	£230	£450	£750

Green = cheaper than average
 Orange = average
 Red = more expensive than average

Generally there is a preference amongst consumers for figures and colours being used together rather than just colour bands, as amounts tend to give greater clarity. However, many consumers do not see the need for any colours to be used at all and think that combining colours and figures makes metrics

'too busy' and 'too much' to take in. The fact that a low energy user can make savings is still discernable.

"The less you use, the more you save, that's what it's telling you."

"Colours don't add anything, just need figures."

Simple pricing tables

Energy Company 1 Super Tariff	
p/kWh	15.9

Energy Company 2 Extra Tariff	
p/kWh	15.8

Energy Company 1 Super Tariff	
100 kWh	£15.90

Energy Company 2 Extra Tariff	
100kwh	£15.80

When participants were first shown the pricing tables (for both 1 kWh and 100 Kwh) some found the unit prices simple to understand, whilst others struggled to see the value of these as standalone information. However, when displayed in conjunction with billing information prompt 5 (how 1 kWh translates into appliance usage - presented visually) the majority saw it as very useful.

Again, the simplicity of the tables is valued by consumers, even though there is a split over whether 1 or 100 kWh is the ideal value to display.

Some feel that if there was a £1 difference between suppliers in terms of the kWh charge, that they might be persuaded to change supplier. However, unless consumers know what 1 kWh or 100 kWh means in terms of energy usage in a tangible way, this type of metric has limited value.

Reactions to other metric information – tiered tariffs and standing charges

Energy Company 1 Super Tariff	
Tier 1 p/kWh	18.58
Tier 2 p/kWh	8.52
Threshold	900 kWh/year

Energy Company 2 Extra Tariff	
Tier 1 p/kWh	17.89
Tier 2 p/kWh	9.05
Threshold	950 kWh/year

Energy Company 1 Super Tariff	
p/kWh	14.5
standing charge	10p/day

Energy Company 2 Extra Tariff	
p/kWh	16.5
standing charge	8.5p/day

As formerly discussed, many consumers are unsure about tiers and thresholds on energy bills. Once tiered rates are explained the concept is understandable, but it is not clear to all why there are variable rates. It also raises questions from a fair proportion of Panellists about whether cheaper second tier units are flying in the face of energy efficiency and environmental protections. Tables detailing variable rates and thresholds generally require some element of more advanced calculation by consumers, and as such metrics detailing tiered rates put off many consumers.

There appears to be an age effect whereby those who are older still have some affection for the standing charge (rather than tiered charge).

As a general point, consumers would like to see standing and pre-payment meter charges included on price metrics as often these costs are not known or made transparent.

“Interesting as never known what you pay for a standing charge per day.”

Increasing complexity

	Energy Company 1 Super Tariff
Tier 1 p/kWh	18.58
Tier 2 p/kWh	8.52
Threshold	900 kWh/year
Pre-Payment Premium	2.11 p/kWh
Direct Debit Discount	0.87 p/kWh
Dual Fuel Discount	1.4 p/kWh
Introductory Rate	6th, 9th, 12th month 1/2 price

	Energy Company 2 Extra Tariff
Tier 1 p/kWh	17.89
Tier 2 p/kWh	9.05
Threshold	950 kWh/year
Pre-Payment Premium	2.13 p/kWh
Direct Debit Discount	0.88 p/kWh
Dual Fuel Discount	7% off annual bill
Introductory Rate	10% off annual bill

Most Panellists agreed that the increasing complexity of price metrics was not desirable and disengaged with the more elaborate price metrics containing different levels of detail. The more variables, therefore, the less faith participants have that a price is genuine and comparable. And although the metrics were rotated in the order in which they were viewed, participants were fairly consistently turned off by those with more than two lines of values.

Moreover, for vulnerable customers, special consideration is required in order to ensure price comparison information is not overly complex and difficult to access. For example, low literacy customers can be put off by small amounts (especially decimals) and some say they would need to turn to help from friends to understand such information, whilst older consumers on low incomes are unlikely to access information via websites.

9. Conclusion

In context of the billing information consumers evaluated before looking at price metrics, it is clear that in order for metrics to really be effective and utilised consumers first require information to help them understand energy units (i.e. kWh and how it translates into appliance usage), so that they are better equipped to understand their energy expenditure at different points of the year, as well the charges for the energy they use.

Although the majority of Panellists show interest in knowing tariff and supplier options in order to make costs savings - and would like suppliers to communicate tariff advice - complex presentations of data (i.e. those metrics involving the use small figures and more than two variables) may compound the belief held by some consumers that switching your supplier is bothersome. Despite there existing a cohort of Panellists that are more engaged with their energy bills and confident with energy units, by and large this is the minority and most Panellists would like the information they use to compare suppliers to “speak for itself”, without risk of confusion.

A clear finding from the research is therefore that ‘simplest is best’, the view of many consumers being that however complex a tariff is, they should not be the ones having to make the calculations; even if tariffs are complicated, somebody ‘else’ should simplify them for consumer consumption otherwise they are not deemed helpful. A problem with those metrics that use terms that are not well understood by many at the present time (such as tiered units), and do not present the information in a simple format, is that they may prompt more questions than answers which is unlikely to reassure consumers of pricing transparency in the energy market overall.

Appendix A – Agenda

Timing	Item
17.30-18.00	Arrival and Registration General introductions
18.00-18.10	IN PLENARY: Welcome and housekeeping (Opinion Leader lead facilitator) <ul style="list-style-type: none"> • Welcome and thanks for attending • Ofgem CEO talking head video • Recap of findings from last workshop (4-5 slides) • Explain the role of OL & facilitators and their independence • Details of refreshments • Toilets, health and safety regulations • Mobiles off • Introduction of Ofgem staff
18.10-18.20	BREAKOUT GROUPS: Warm up discussion - reactions to findings and any further thoughts <ul style="list-style-type: none"> • What are your reactions to the findings of the last workshop? • Is there anything surprising? • Have your views on the energy market changed in any way since the last workshop? In what way? • Have you read or seen anything specifically that has changed your view of the energy market or that was of interest to you? What was it? • Have you made any changes to your energy use or supplier in any way since the last workshop? In what way?

Timing	Item
<p>18.20 – 18.35</p> <p>Fictional bill mockup</p>	<p>BREAKOUT GROUPS: Considering information on energy bills</p> <p><i>Considering your most recent energy bill that we asked you to bring along – participants to share their notes with the table in response to the following (hand out fictional bill for additional consideration):</i></p> <ul style="list-style-type: none"> • Which parts of the bill are most easily understood (and what these parts are understood to mean)? • Which parts of your bill are most useful? • Which parts of the bill are least easily understood (and what these parts are understood to mean)? • Which parts of your bill are least useful? • What do you think about the level and type of information provided on your current bills overall? <ul style="list-style-type: none"> ◦ What is missing? Why? ◦ What could you do without? Why? ◦ What's the one piece of information that would make your bill more useful?

Timing	Item
<p>18.35 – 19.15</p> <p>Note down any explicit differences by age</p> <p>Handout on what to record for plenary session</p>	<p>BREAKOUT GROUPS: Evaluation of potential billing innovations and communications</p> <p><i>Table facilitator to explain that as a result of the previous workshops, a number of pieces of energy information have been put together. These pieces of information would either come with your bill or as a statement or prompt that you would receive once a year.</i></p> <p><i>'We are interested not only as to what information you receive with your bill but whether an annual statement would be useful and what would be useful to see on it'</i></p> <p><i>Also to explain that the design has not been finalised and to focus on the information provided rather than the look</i></p> <p><i>Participants to read through each of the nine handouts</i></p> <p>For each key piece of information:</p> <p>What are your initial thoughts about this piece of information?</p> <p>Is it useful? Why?</p> <p>Is it not useful? Why not?</p> <p>Is there any accompanying information that would make it more useful?</p> <p>What are the key benefits of this type of information?</p> <p>Do you think it would make you more likely to look at your bill?</p> <p>What actions might you take as a result of this information?</p> <p>What information is missing? Why would be useful?</p> <ul style="list-style-type: none"> • Do you think you would realistically require all this information on every bill? What information would you like to receive more/less often? Why? • Would an annual statement be genuinely useful? Why? Why not? <p>• <i>Table facilitator to explain that as a result of the previous workshops, a number of price comparison formats have been put together. These pieces of information would be used to make comparison across different suppliers</i></p> <p>For each price metric</p> <p>What are your initial thoughts about this price format for being able to compare different suppliers and tariffs?</p> <p>What is useful? What is less useful?</p> <p>Are there parts of this format that are not clear?</p> <p>What are the key benefits of this type of information? <i>Flipchart key benefits and information</i></p> <p>What actions might you take as a result of this information?</p> <p>What additional information would you require? Why would this be useful?</p> <p>Which is the most useful price format overall? Why is that?</p> <p>Where would you like to see this information?</p>

Timing	Item
<p>19.15 – 19.30</p> <p>Handout outlining points for feedback (as given in 19.30 session)</p>	<p>IN BREAKOUT GROUPS</p> <p><i>Group to collaborate with flipchart to consider all forms of information (including price metrics and prepare an information programme)</i></p> <p><i>Each group to prepare a presentation on which pieces of information they would like to receive, in what format, and how frequently</i></p> <p><i>Two flipchart sheets given to participants with two sets of stimulus material and bluetak to mock up ideal bill/statement</i></p> <p><i>What might this information encourage you to do as a result?</i></p>
<p>19.30 – 19.40</p>	<p>IN PLENARY</p> <p>Each group to feed back on:</p> <ul style="list-style-type: none"> What were the most useful pieces of information that we have shown you What the key benefits might be and what actions they might take as a result What would be the best information programme for you in terms of <ul style="list-style-type: none"> information required frequency whether it comes in your bill or as an annual statement What would this information enable you to do as a result? What actions might you take?
<p>19.40 – 19.45</p>	<p>COMFORT BREAK</p>
<p>19.45-19.55</p>	<p>BREAKOUT GROUPS: How might your needs as consumers in the home be different in the future?</p> <ul style="list-style-type: none"> • Thinking about your everyday life, how your life might change over the next twenty years, what kinds of changes might you expect to see around the following categories in terms of energy use? What might stay the same and what might be different? <ul style="list-style-type: none"> • Health and wellbeing • Family and home • Employment and workplace. Leisure and entertainment
<p>19.55 – 20.05</p>	<p>BREAKOUT GROUPS: Consideration of possible future scenarios</p> <p><i>Facilitator to present example of possible future scenarios</i></p> <p><i>Split respondents into pairs and give each pair a scenario to look over, and discuss between them. Ask each pair to present their scenario to the group to aid the following discussion</i></p>
<p>20.05 – 20.15</p>	<p>BREAKOUT GROUPS: Changes in consumer engagement with the energy market</p> <p>Having looked at the possible future scenarios, what kind of things might change the amount of interest you and your family take in the energy you use and</p>

Timing	Item
	<p>where it comes from in ten to twenty years time? Spontaneous then prompted examples of: Smart meters that allow you to closely monitor how much energy you are using in the home Generating your own electricity for use in the home Being part of local community based energy generation initiatives What else?</p>
20.15 – 20.25	<p>BREAKOUT GROUPS: Changes in environmental attitudes/actions Having looked at the possible future scenarios, what kind of things might affect you and your family’s attitudes to environmental issues in the home in ten to twenty years time? Spontaneous then prompted examples of:</p> <ul style="list-style-type: none"> • Higher awareness of green and environmental issues • Developments in technology • Cost of green domestic and leisure appliances and technology • Visible changes in the climate • Government action (what?) • Business action (what?) • What else?
20.25-20.35 Handout on examples of levels of Government intervention	<p>BREAKOUT GROUPS: Views on future governance <i>Handout on different levels of Government intervention and read out</i> To what extent do you think the Government and industry should be involved in the energy market in ten to twenty years’ time? What are the pros of different levels of Government and industry involvement? What are the cons of different levels of Government and industry involvement? Having considered these examples, which do you think would benefit consumers the most?</p>
20.35 - 20.55 Record discussion	<p>BREAKOUT GROUPS: Evaluation of possible future scenarios <i>Each group to flipchart ideal and expected future scenarios, as well as 5 reasons why they have chosen each scenario (may be useful to split the group into 2 at this point)</i> Which is closest to that which you would like to see existing in ten to twenty years time? Why is that? Which is most likely to exist in ten to twenty years time? Why is that?</p>
20.55 – 21.00	<p>IN PLENARY Thanks and close</p>

Appendix B – Pre-Event Activity

Ofgem Consumer Panel Workshop 2 – before the event

1. YOUR ENERGY BILL

A week before the discussion group we would like you to take a look at your most recent energy bill (e.g. for gas/electricity/dual fuel as applies). Over the week think about the following...

- Which parts of the bill are **most easy** to understand?
 - What do you think these parts mean?

- Which parts of the bill do you find **most useful**?

- Which parts of the bill are **least easy** to understand?
 - What do you think these parts mean?

- Which parts of the bill do you find **least useful**?

Please note down your thoughts as you do this. Ideally we'd like you to write on the bill itself and make notes with a pencil about the questions above.

If you don't get a bill (for example, you have prepayment meters for both gas and electricity), then please just think about the kind of information that might be useful on a statement of how much you have used.

Finally, please don't forget to bring your bill along to the panel discussion!

Appendix C – Price Metrics with Consumer Comments

Option 1: High/Med/Low by supplier, payment type, fuel – figures

Energy Company 1	Payment Type: Standard Credit		
	Electricity Only		
	Low User 1,650 kWh	Medium User 3,300 kWh	High User 4,950 kWh
	£190	£445	£790

Energy Company 2	Payment Type: Standard Credit		
	Electricity Only		
	Low User 1,650 kWh	Medium User 3,300 kWh	High User 4,950 kWh
	£230	£450	£750

Energy Company 1	Payment Type: Standard Credit			
	Gas Usage			
	Low User 10,000 kWh	Medium User 20,500 kWh	High User 28,000 kWh	
Electricity Usage	Low User 1,650 kWh	£670	£945	£1,145
	Medium User 3,300 kWh	£910	£1,185	£1,385
	High User 4,950 kWh	£1,085	£1,360	£1,625

Energy Company 2	Payment Type: Standard Credit			
	Gas Usage			
	Low User 10,000 kWh	Medium User 20,500 kWh	High User 28,000 kWh	
Electricity Usage	Low User 1,650 kWh	£680	£950	£1,130
	Medium User 3,300 kWh	£905	£1,195	£1,350
	High User 4,950 kWh	£1,025	£1,380	£1,615

Consumer comments:

“Speaks for itself”

“Good for comparing apples with apples.”

“Not always an incentive to use less energy though.”

“Is low user over 3 months a year? Doesn’t make it clear.”

“Companies – the way they charge is diverse.”

“Seems clearer because in colour. Easier to place yourself.”

“For comparing it’s easy as they’re on the same units. It’s individual. Like it. To the point, it’s easy.”

Option 2: High/Med/Low by supplier, payment type, fuel - "coloured bands"

Energy Company 1		Payment Type: Standard Credit		
		Electricity Only		
		Low User	Medium User	High User
		1,650 kWh	3,300 kWh	4,950 kWh

Green = cheaper than average
 Orange = average
 Red = more expensive than average

Energy Company 2		Payment Type: Standard Credit		
		Electricity Only		
		Low User	Medium User	High User
		1,650 kWh	3,300 kWh	4,950 kWh

Green = cheaper than average
 Orange = average
 Red = more expensive than average

Energy Company 1		Payment Type: Standard Credit		
		Gas Usage		
		Low User	Medium User	High User
		10,000 kWh	20,500 kWh	28,000 kWh
Electricity Usage	Low User			
	Medium User			
	High User			

Green = cheaper than average
 Orange = average
 Red = more expensive than average

Energy Company 2		Payment Type: Standard Credit		
		Gas Usage		
		Low User	Medium User	High User
		10,000 kWh	20,500 kWh	28,000 kWh
Electricity Usage	Low User			
	Medium User			
	High User			

Green = cheaper than average
 Orange = average
 Red = more expensive than average

Consumer comments:

"Starting to confuse."

"The colours can confuse it a bit. Some might be colour blind."

"To me the red just says danger" (Low literacy)

"Don't like it without figures."

"One company is a high user red and another one is green. Why?"

"This is more complicated – what about colour blind people? It is not as easy to work it all out, we want to see it in pounds."

Option 3: High/Med/Low by supplier, payment type, fuel - figures & "coloured bands"

Energy Company 1		Payment Type: Standard Credit		
		Electricity Only		
		Low User	Medium User	High User
		1,650 kWh	3,300 kWh	4,950 kWh
		£190	£445	£790

Green = cheaper than average
 Orange = average
 Red = more expensive than average

Energy Company 2		Payment Type: Standard Credit		
		Electricity Only		
		Low User	Medium User	High User
		1,650 kWh	3,300 kWh	4,950 kWh
		£230	£450	£750

Green = cheaper than average
 Orange = average
 Red = more expensive than average

Energy Company 1		Payment Type: Standard Credit		
		Gas Usage		
		Low User	Medium User	High User
		10,000 kWh	20,500 kWh	28,000 kWh
Electricity Usage	Low User 1,650 kWh	£670	£945	£1,145
	Medium User 3,300 kWh	£910	£1,185	£1,385
	High User 4,950 kWh	£1,085	£1,360	£1,625

Green = cheaper than average
 Orange = average
 Red = more expensive than average

Energy Company 2		Payment Type: Standard Credit		
		Gas Usage		
		Low User	Medium User	High User
		10,000 kWh	20,500 kWh	28,000 kWh
Electricity Usage	Low User 1,650 kWh	£680	£950	£1,130
	Medium User 3,300 kWh	£905	£1,195	£1,350
	High User 4,950 kWh	£1,025	£1,380	£1,615

Green = cheaper than average
 Orange = average
 Red = more expensive than average

Consumer comments:

"Straightforward, less confusing if the figures are on there."

"Only advantage would be if it was an industry wide colour scheme."

"Still too busy and confusing – just need to know how much things are costing you."

"Colour does attract attention" (Low literacy)

"This [is] too much – same as number one with the colours, the first looks far more simple."

"It is steering me from the green."

Option 3a: High/Med/Low by supplier, payment type, fuel - figures & "coloured bands" (dual fuel & pre-payment)

Option 3: High/Med/Low by supplier, payment type, fuel - figures & "coloured bands"

Energy Company 1		Payment Type: Standard Credit		
		Gas Usage		
		Low User 10,000 kWh	Medium User 20,500 kWh	High User 28,000 kWh
Electricity Usage	Low User 1,650 kWh	£670	£945	£1,145
	Medium User 3,300 kWh	£910	£1,185	£1,385
	High User 4,950 kWh	£1,085	£1,360	£1,625
	Pre-Pay Premium	£80	£80	£80

Green = cheaper than average
 Orange = average
 Red = more expensive than average

Energy Company 2		Payment Type: Standard Credit		
		Gas Usage		
		Low User 10,000 kWh	Medium User 20,500 kWh	High User 28,000 kWh
Electricity Usage	Low User 1,650 kWh	£680	£950	£1,130
	Medium User 3,300 kWh	£905	£1,195	£1,350
	High User 4,950 kWh	£1,025	£1,380	£1,615
	Pre-Pay Premium	£80	£80	£80

Green = cheaper than average
 Orange = average
 Red = more expensive than average

Energy Company 1		Payment Type: Standard Credit		
		Electricity Only		
		Low User 1,650 kWh	Medium User 3,300 kWh	High User 4,950 kWh
		£190	£445	£790
Pre-Pay Premium		£40	£40	£40

Green = cheaper than average
 Orange = average
 Red = more expensive than average

Energy Company 2		Payment Type: Standard Credit		
		Electricity Only		
		Low User 1,650 kWh	Medium User 3,300 kWh	High User 4,950 kWh
		£230	£450	£750
Pre-Pay Premium		£40	£40	£40

Green = cheaper than average
 Orange = average
 Red = more expensive than average

Consumer comments:

"Too much to take in."

"More confusing. For people on prepay they need to have this info – this cost is unfair to them though!"

"Good as so many people don't realise the cost of pre-payment."

Option 4: Pricing Tables

4a – p/kwh

	Energy Company 1 Super Tariff
p/kWh	15.9

	Energy Company 2 Extra Tariff
p/kWh	15.8

4b – 100 kwh

	Energy Company 1 Super Tariff
100 kwh	£15.90

	Energy Company 2 Extra Tariff
100kwh	£15.80

Consumer comments:

"Makes a lot more sense with the picture."¹

"Pretty straightforward."

"This is simple black and white.."

"[You] would need all the tariffs to compare against each other."

"Horrible, what does it mean?"

"Unless you know what a kwh is, not useful"

"Would be great coupled with how much the individual items cost."

"I don't relate to 100 kWh"

"Needs to be linked to what kWh does in terms of domestic appliances."

¹ By 'picture' participant is referring to billing information prompt no.5 – 'What you can do with 1 kWh electricity', see page 23

Option 5: Pricing Tables

	Energy Company 1 Super Tariff
p/kWh	14.5
standing charge	10p/day

	Energy Company 2 Extra Tariff
p/kWh	16.5
standing charge	8.5p/day

Consumer comments:

"You have to work it out yourself. Just don't understand what it means."

"Interesting as never known what you pay for a standing charge per day."

"This does make it harder to work out – this alone would not be enough to make a decision."

"[I'd] want it explained more fully."

"I like that they have been upfront about the standing charge" (Low literacy)

Option 6: Pricing Tables - Tiered

	Energy Company 1 Super Tariff
Tier 1 p/kWh	18.58
Tier 2 p/kWh	8.52
Threshold	900 kWh/year

	Energy Company 2 Extra Tariff
Tier 1 p/kWh	17.89
Tier 2 p/kWh	9.05
Threshold	950 kWh/year

Consumer comments:

“Not enough information.”

“Need to know what split is and why.”

“What does threshold mean?”

“Still don’t understand why we have tier one and tier two? Why do we need them?”

“This is good but simplify the tier system so we know when we move between them.”

“Why can’t they have a flat rate? Doesn’t make sense in view of climate change.”

“No reason why you pay so much for units at one price and more at another. If you use more, you get it cheaper but you’re told not to use it.”

Option 7: Pricing Tables - Payment Type 2

	Energy Company 1 Super Tariff Direct Debit
Tier 1 p/kWh	18.58
Tier 2 p/kWh	8.52
Threshold	900 kWh/year
Premium	-0.95 p/kWh off Tier 2 rates

	Energy Company 2 Extra Tariff Direct Debit
Tier 1 p/kWh	17.89
Tier 2 p/kWh	9.05
Threshold	950 kWh/year
Premium	5% off annual bill

Consumer comments:

"[You'd] need to be confident in figures."

"Says 5% off but premium – usually means high, extra, so it confuses."

"When would you get the discount?"

"So what's this premium then? Is it a discount?"

"It all takes too much working out."

"You can't make a direct comparison."

Option 8: Pricing Tables

	Energy Company 1 Super Tariff
Tier 1 p/kWh	18.58
Tier 2 p/kWh	8.52
Threshold	900 kWh/year
Pre-Payment Premium	2.11 p/kWh
Direct Debit Discount	0.87 p/kWh
Dual Fuel Discount	1.4 p/kWh
Introductory Rate	6th, 9th, 12th month 1/2 price

	Energy Company 2 Extra Tariff
Tier 1 p/kWh	17.89
Tier 2 p/kWh	9.05
Threshold	950 kWh/year
Pre-Payment Premium	2.13 p/kWh
Direct Debit Discount	0.88 p/kWh
Dual Fuel Discount	7% off annual bill
Introductory Rate	10% off annual bill

Consumer comments:

“Can’t be bothered with it.”

“It looks like bills look now. Too much detail, too much on it.”

“Too many things to cross check to see if you are making a saving.”

“Direct debit discount is useful as is the dual fuel discount, it is useful if you are comparing, but I would be there for a week trying to work it out.”

“Oh my god! Pass.....”

“[You] have to do comparison on everything.”

“Degree in higher mathematics, you switch off.”

“Bring it back to basics.”