

Which?

**Strengthening consumer
engagement and
protection**

**London Forum -
November 2012**

UK consumers and energy - a reality check

Cost of energy is one of UK consumers' top financial concerns - 9/10 worried.

- But

- concern does not lead to action - either to reduce bills through switching or by making homes energy efficient.

- Why?

- Energy is essentially 'boring'.
- Price is the only difference between suppliers.

Three-quarters of people in GB remain on the most expensive 'standard' tariff

Six out of ten people in GB have never switched

Consumers facing the squeeze from all sides:

- Wholesale energy prices up
- Cost of policies to invest in new generation
- Less money for energy efficiency / fuel poverty from Government programmes
- A move from taxpayer funding to levies on consumers bills and loans
- Low income consumers generally on most expensive tariffs and payment methods

Our role:

Focus on priority areas:

- Consumer groups have the constant challenge to manage limited resources
- policies from government and regulator to help consumers be confident they are paying a fair deal
- Simpler products, for example tariff structures to have a single unit price which can be easily compared, at a glance
- new tactics to help consumers get a better energy deal, for example The Big Switch

Could collective switching be one answer?

- One reason why consumers don't engage is tariff complexity.
- Experience of collective switching in other European countries - especially Consumentenbond in the Netherlands
- Decided to run the Big Switch in February 2012 to see if we could engage consumers and get a better deal.
- Questions:

Will suppliers participate?

How do we make the comparisons fair and accurate?

Will consumers be interested?

Will this deliver new tariffs?

Can we attract more than 'savvy switchers'?

Will there be savings?

Will people actually switch?

Which?

Which? works for you

Did the Big Switch work?

- Much stronger consumer support than expected
 - 287,365 signed up
 - by auction day 151,269 had provided tariff and usage information
 - 36,000 people switched
- Attracted more than just the ‘savvy switchers’
 - Most signed up online, but thousands signed up face-to-face and by post
 - 57% not on online tariffs but 84% said they would prefer online billing
 - 1435 existing tariffs
- 5 companies engaged and a new supplier won all three tariff categories
- Over 70% could make a saving
- Average saving £123 per year
 - average saving for those paying by direct debit is £119
 - average saving for cash/cheque payment is £183
 - the 30,000 on the worst deals in the market can save over £200
 - Collective savings could have been up to £25m

But is it the answer?

- Clear consumer interest in a new approach
- Supplier interest went up as the sign-ups went up and several suppliers dipped their toes in the water
- But this is a remarkably complex market
 - achieving a clear, fair method of comparison is difficult
- And delivering a true collective switch that genuinely puts consumers first is tough, logistically demanding and far from cost-free
- The Big Switch has generated interest, debate and savings
- But we still think reform of all tariffs is needed. Consumers shouldn't have to rely on Which? - they should be able to do this themselves.

Consumer groups - working together?

The future?

- Setting priorities - recognising limited resources of consumer bodies and collaborating on areas where we can be effective;
- A recognition of the need to base all work on an accurate reflection on how consumers approach energy;
- Back to basics - push for simpler energy products;
- Share good practice from Member States, for example collective switching.