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2 December 2010

Dear Andrew

## **Request for investigation into energy tariffs**

Consumer Focus is writing to request that Ofgem, as part of its recently announced review, open an investigation into the way that energy suppliers market and sell tariffs. We believe that energy tariffs are often structured in ways that are overly complex and can seem designed to confuse the average consumer. There are problems with dubious discounts that are hard to achieve. There are issues with the transparency of price rise notifications, termination charges and rollover contracts.

We very much welcome Ofgem's decision to review the retail market and the implementation of the Probe remedies. It is timely and will help to address the lack of confidence that many consumers feel toward energy suppliers. Consumer Focus believes it is also time to test the standards of conduct put in place as part of the Probe remedies. The investigation must examine whether energy suppliers are behaving transparently and appropriately in designing new tariffs. It should also consider whether the average consumer is capable of understanding the key terms and conditions of energy tariffs, including pricing policies and discount structures. Furthermore, we believe the process and language used when suppliers notify their customers of price changes, or transfer them to new tariffs, must also be reviewed to ensure fairness.

It is accepted that consumers must be 'buyer beware' when making decisions in any of the modern British markets, from mobile phones to financial products, and in getting the best deal on household goods. Complex pricing models and companies offering any number of product variations have long been a feature of markets such as insurance or consumer electronics. This trend has only recently been imported into the energy sector.

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Consumer Focus's recent research showed that consumers do not understand why the marketing of energy tariffs is so complex<sup>1</sup>. These findings are reflected in Ofgem's recent Consumer First Customer Engagement Survey, with over seventy percent of respondents finding the number of tariffs on offer confusing, with over half of consumers not sure how to work out whether they'd save anything if they did switch.<sup>2</sup>

The product is, for the most part, standardised. The quality or reliability of the actual product does not change depending on the supplier or the tariff. Unsurprisingly, this leaves consumers baffled as to why such a standardised product is sold in hundreds of different variations.

Despite the increasing similarities in the sales and marketing of energy supply tariffs to other consumer products and services, energy remains a very different product in the eyes of consumers. It is an essential for life service. All households require energy to heat their houses and cook their food; it is not a discretionary spend. Energy falls into the same essential category as water, where consumers are also facing increasing bills but do not face the choice of having to navigate between hundreds of different offerings from a water supplier, each offering a slightly different price and the associated small print. When a household chooses the wrong energy tariff it can result in substantially increased annual bills.

Consumers are already confused by their energy bills. Consumer Focus conducted quantitative research in March 2010 which found that over one-third of consumers found their energy bills difficult to understand. Nearly sixty percent of gas and electricity consumers did not know what tariff they were on or how much they paid per unit.<sup>3</sup> Further details of the research findings are attached as an annex.

Ofgem will be aware of Consumer Focus's previous correspondence in February 2010, where we raised concerns about the behaviour of suppliers with regards to rollover contracts in the domestic sector. Consumers had been put on new tariffs, some of which had penalty exit fees, without prior or sufficient notification. We will be responding to Ofgem's upcoming consultation on rollover contracts when it is published.

Ofgem is also aware that Consumer Focus has been required to make a number of changes to our Confidence Code for energy price comparison sites. It is a perverse situation where the energy price comparison sites' marketing of energy tariffs is more strictly 'regulated' than the marketing practices of the energy suppliers themselves. A summary of the changes to the Confidence Code is attached as an annex.

Consumer Focus believes that the time has come to examine whether the structure of energy tariffs, and their sales and marketing, are fit for purpose. This is an opportunity for Ofgem to test the new Standards of Conduct to ensure they offer sufficient protection and that energy consumers are being treated fairly. If the Standards of Conduct are unable to address the current issues with energy tariffs, then new formal requirements must be considered.

The roll out of smart meters over the next years is likely to result in the introduction of new and more complex time of use tariffs. Based on the current marketing practices of suppliers and consumers' existing understanding of energy tariffs, we think there is potential for substantial consumer detriment if these existing problems are not addressed.

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<sup>1</sup> Consumer Focus research conducted by Ipsos Mori which will be published in mid-December. A short summary is available here. <http://consumerfocus.org.uk/g/4mt>

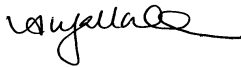
<sup>2</sup> <http://bit.ly/eCMfjx>

<sup>3</sup> Note: research was conducted before the introduction of the annual statement in July 2010.

Consumer Focus is eager to work with Ofgem to improve the current situation. We will shortly be conducting further research into energy bills and annual statements. This will include surveying consumers about their understanding of their tariff terms and conditions. We would be happy for Ofgem to contribute to this research and will share the results with your organisation.

Attached to this letter are examples of the various concerns about supplier behaviour and pricing policies we have identified across the industry. This is by no means an exhaustive list, rather a sample of the issues consumer are facing in today's energy market. Ofgem must take action to tackle and improve suppliers' behaviour and address these pressing consumer concerns.

Best regards,

A handwritten signature in black ink, appearing to read 'Audrey Gallacher', with a stylized flourish at the end.

Audrey Gallacher  
Head of Energy

# The issues

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## Issue 1: Price rise notification process

Consumer Focus hopes that the proposed change to SLC 23 will deliver some improvements in this area. There are numerous examples of poor supplier performance in choosing to send out notification letters near the end of the 65 day period.

We have recently issued an information request to suppliers about their current price rise notification policy and will share the results with Ofgem.

**These examples of company behaviour on price changes and their notification further reduce already low levels of trust in suppliers.**

### **EDF Energy**

Despite announcing a price freeze until March 2011 in November, customers have been receiving letters informing them of the previous increase that took effect in September 2010.

### **ScottishPower**

ScottishPower had been offering a dual fuel prompt pay discount of £150 to customers paying by standard credit. On 25 November 2010, the company reduced the discount to £65, and increased its prices by 4 per cent. However, the combination of the reduced prompt pay discount and price increase will mean a 12 per cent increase for these customers (based on a medium user).

### **British Gas**

Published price increase information that did not provide details of the increase for each individual tariff. For non standard tariffs, the company provided quoted annual savings against their 'standard' tariff.

### **First Utility**

First Utility is often listed as the cheapest dual fuel supplier on online price comparison sites when a 12 month discount (paid in 13<sup>th</sup> month) is taken into consideration. However, customers have signed up and switched to First Utility only to receive a notification of a substantial price increase shortly afterwards (although not necessarily informed at the time). At the same time as existing customers are receiving price rise notification, First Utility continues to offer cheaper tariffs to new customers via the switching sites. Given that many customers receive a new smart meter when signing up to First Utility (and can face inter-operability issues should they choose to switch away), the supplier's behaviour is extremely concerning.

**Consumer Focus view:** In addition to Ofgem’s proposed changes to SLC 23 which will require 30 days advance notification of price rises, energy companies must send a specific communication to customers with: clear details of the price increase, including the increase in pence per kWh; the percentage increase that applies to their actual tariff – not the ‘standard’ tariff price. The information about the price increase should not be sent as part of other communications. Customers should be contacted via their main communication channel ie customers who receive paper bills should receive a letter. Customers who are sent emails must be sent a minimum of two emails detailing the changes. The customer’s notification of their right to switch must be prominent in the body of the letter, not hidden in the small print.

## **Issue 2: Tariff proliferation**

One of the key issues causing consumer confusion is related to the vast number of tariffs offered by suppliers. This issue applies mainly to the Big Six suppliers, although a limited number of small suppliers also have complex pricing strategies

Consumers wanting to pay by monthly direct debit have the most choice, with 64 different tariffs options offered by the Big Six, with 46 different prices to choose from. When including tariffs with an option to pay by monthly or quarterly direct debit, the number of tariffs offered by the Big Six increases to 110 different tariffs, with 75 different prices<sup>4</sup>.

Consumers paying by quarterly cash or credit have 49 tariffs and 31 different tariff options offered by the Big Six to choose from.

Further details about the tariffs offered by suppliers are listed in Annex 2.

**Consumer Focus view:** Ofgem should examine suppliers’ justification for offering so many different tariff variations across the same payment method.

## **Issue 3: Rollover contracts and transferring customers to new deals**

There is currently wide variation in suppliers’ terms and conditions as to what tariff a customer will be transferred to after the fixed term tariff ends. The best practice is where a supplier makes clear what tariff the customer will be rolled onto. However, some suppliers leave it open as to what tariff a customer will end up on. This could include rolling customers onto tariffs with a termination fee.

If the customer does not read the correspondence from the supplier in a timely fashion they could find themselves locked into a new deal with a penalty clause to leave. We have seen some cases where the new tariff is more costly than the supplier’s standard direct debit deal.

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<sup>4</sup> Based on dual fuel products, medium usage of 20,500 kWh gas and 3,300 kWh electricity in the Yorkshire region available as on 1 December 2010. Products counted twice if available for payment by monthly and quarterly direct debit. Includes Southern Electric and Atlantic Energy and Marks and Spencer (supplied by SSE).

## Good and poor examples of suppliers' terms and conditions

**British Gas:** *"At the end of the Price Promise October 2012 period we may automatically roll you on to another Price Protected, capped or fixed price product or our Standard variable tariff rate. We'll write to you before the end of the product with the specific details."*

**British Gas:** *"At the end of the WebSaver 10 guaranteed discount period we will move you onto our Standard variable tariff rate. We'll write to you before the end of the product with the specific details."*

**EDF Energy Fixed S@ver:** *"When the fixed price period comes to an end you'll automatically be transferred to our Standard Tariff. We'll notify you and you'll be able to choose from our other available tariffs at the time..."*

**E.ON FixOnline v9:** *"Following your FixOnline plan end date we will switch you to another similar plan or one of our standard plans. We will contact you in advance to notify you of your new contract Terms and Conditions and applicable prices for the plan which is being offered."*

**Npower:** *"Our charges after the Price Control Period ends: At the end of the Price Control Period, or at the end of your Price Control Agreement if this is earlier, and you continue to take supply from us, we will place you on our standard (off-line) variable prices for your area, which will be higher than your current Football Saver 2 offer, unless we have another offer that we feel may be suitable for you and have agreed alternative terms with you."*

**Npower:** *"When this Agreement ends: If you continue to take supply from us at the end of your Sign Online 20 Period, we will place you on our standard online product ("Go-Save"), which may be more expensive than Sign Online 20."*

**ScottishPower: Capped Price Energy December 2012:** *"ScottishPower reserves the right, on providing you with written notice to transfer your supplies to (i) the closest equivalent offer we have available when that notice is issued, or (ii) to our standard electricity prices or standard combined mains gas and electricity offer when the Offer Product comes to an end."*

**Scottish and Southern Energy:** *"The Price Fix5 tariff ends on 31 March 2012. After this date you will switch to Our prevailing standard tariff at that time."*

**EDF Energy Annual Fix v4:** *When the renewal date comes around, if you decide to stay on the tariff, your prices will be automatically renewed. If you change your mind, you'll have 28 days to let us know..."*

**Consumer Focus view:** No consumer should be automatically rolled over onto a contract with a termination fee; they must opt into these deals. Consumers should be informed 30 days before the end of a contract that it is due to end and notified as to what tariff the supplier proposes to put the customer on. Any quoted savings or price difference must be based on a direct comparison with the customer's previous tariff not the supplier's 'standard tariff'. Suppliers must provide price comparison sites with the new tariff details for customers whose fixed price deal is ending in a timely manner. This will enable the consumer to make a meaningful price comparison.

## Issue 4: Confusing tariff information

Some suppliers display tariff prices in different ways which could confuse consumers. For instance, SSE Go Direct 5 prices are (contrary to their other products) displayed on their website as indicative rates: *“The indicative rates shown for Go Direct 5 include the Go Direct discount. The prices on a customer’s bill are shown as quarterly prices excluding the Go Direct discount.”*

OVO energy has two **main** tariffs: New Energy Fixed and Green Energy Fixed. Since August 2010 there have been three different published prices for these two tariffs. Existing customers, however, remain on the price from when they signed up with OVO energy. This makes it extremely difficult for customers to identify which ‘price’ they are on, especially when using price comparison websites. Consumer Focus recommended to price comparison websites that they date each different version, however, this requires customers to know **when they signed up with OVO**, (as opposed to when their supply started) in order to complete a meaningful price comparison.

**Consumer Focus view:** Suppliers should base tariff prices on consistent assumptions so as to not confuse the average consumer.

## Issue 5: Dubious discounts

Suppliers often offer discounts to entice consumers into signing up for their tariffs. However, the structure of some of these discounts mean that the typical consumer is unlikely to achieve the quoted saving. As a result, consumers could be making switching decisions based on inaccurate information.

Consumer Focus wrote to British Gas in November 2009 and again in January 2010 raising concerns about the discount structure offered to consumers on its Standard, WebSaver 4, Track & Save 2011 and Zero Carbon. This discount structure could not be achieved by typical medium and high users, as the discount was based on Tier 2 consumption usage and capped at a quarterly level. A typical user will vary their consumption throughout the year, using less in the summer. Based on typical customer usage patterns, the actual discount is less than the savings quoted by British Gas’s savings calculator on its website. The company’s terms and conditions stated that the discount was ‘up to’ a certain amount but this should be made clear upfront so that consumers can make an informed decision.

E.ON SaveOnline v3 & v4 tariffs contain a clause whereby discounts are not paid on a customer’s final bill.

**Consumer Focus view:** Any quoted discounts must be clear, understandable and apply to the average consumer.

## Issue 6: Complex discount structures

Many suppliers offer a discount to customers who pay by a certain payment method, stay with a supplier for a fixed amount of time; or take both fuels from the supplier. Discounts are used to encourage sign up to a particular tariff and improve a supplier’s position in the pricing league table. However, these discounts are often complex and confusing for the typical consumer.

In an effort to reduce the growing problems associated with complex discount structures, Consumer Focus was required to make amendments to the Confidence Code as to how discounts are calculated and displayed in order to protect consumers.

Some examples of complex discount structures are listed in the box below. An example of an easier to understand discount is also provided.

## Complex discount structure

### British Gas's standard tariff

#### Dual Fuel Discount

Up to £15 annual dual fuel discount is given where British Gas supplies both gas and electricity to the same property (and the accounts are in the same names). No dual fuel discount is available to customers with token or smartcard electricity meters. Only one dual fuel discount per property. Where electricity is supplied through a credit meter, a discount of 0.704 p/kWh off electricity Tier 2 rates (and night rates where applicable) up to a maximum of £3.75 (inc VAT) per quarter (or £1.25 per month for monthly billing customers) appears on the electricity bill. Based on average annual single rate electricity consumption of 3,300 kWh as at 10th December 2010, is rounded and includes VAT at 5 per cent. Discount received varies according to seasonal consumption.

#### British Gas Direct Debit Discount

##### Dual fuel

##### Up to £75 Discount

Gas customers paying by Direct Debit will receive a discount off their Tier 2 consumption charges of 0.196 p/kWh, up to a maximum of £16.25 (inc VAT) per quarter (or £5.42 per month for monthly billing customers). Electricity customers paying by Direct Debit will receive a discount off their Tier 2 consumption charges (and night rates where applicable) of 1.873 p/kWh up to a maximum of £10 (inc VAT) per quarter (or £3.33 per month for monthly billing customers). Based on average annual consumption of 20,500 kWh for gas and 3,300 kWh for single rate electricity as at 10th December 2010, is rounded and includes VAT at 5 per cent. Discount received varies according to seasonal consumption.

##### Gas only

##### Up to £35 Discount

Gas customers paying by Direct Debit will receive a discount off their Tier 2 consumption charges of 0.196 p/kWh, up to a maximum of £16.25 (inc VAT) per quarter (or £5.42 per month for monthly billing customers). Based on average annual consumption of 20,500 kWh as at 10th December 2010, is rounded and includes VAT at 5 per cent. Discount received varies according to seasonal consumption.

##### Electricity only

##### Up to £40 Discount

Electricity customers paying by Direct Debit will receive a discount off their Tier 2 consumption charges (and night rates where applicable) of 1.873 p/kWh up to a maximum of £10 (inc VAT) per quarter (or £3.33 per month for monthly billing customers). Based on average annual consumption of 3,300 kWh for single rate electricity as at 10th December 2010, is rounded and includes VAT at 5 per cent. Discount received varies according to seasonal consumption.

**npower: Football Saver 2: Payment of the Annual Direct Debit Discount – new npower monthly direct debit customers only. Provided you meet all of the requirements you will become eligible for our annual Direct Debit discount on your first anniversary date on which supply of your second (or only, if you have no mains gas connection) fuel by us started and will be credited to your electricity and/or gas accounts on that date.**

**Atlantic (SSE): Atlantic Domestic Standard Online: you will receive a rebate payment in month 13 after 12 months' continuous supply and annually thereafter while you remain on the Atlantic Domestic Standard Online No Standing Charge tariff. Rebate amount based on average of total payments for energy consumption made over the preceding 12 months.**

**This discount is not based on actual consumption but payments made.**

**Easier to understand discount**

**EDF Online S@ver Version 7: You'll get a 6 per cent discount for paying by monthly Direct Debit....You'll also receive Dual Fuel discount of £8.40 a year.**

**Consumer Focus view:** Discounts must be clear, transparent and easily understood by typical consumers.

## **Issue 7: Notification of termination fees**

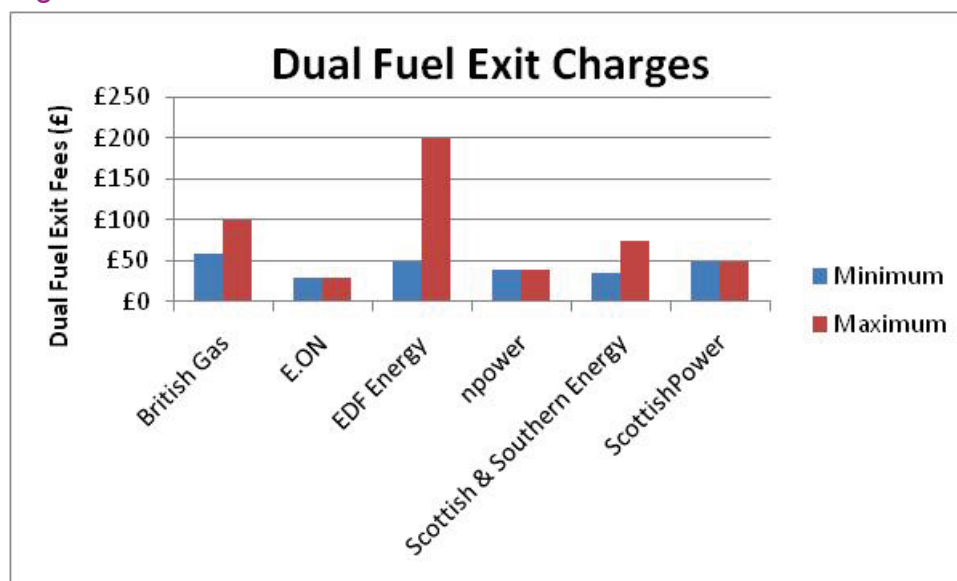
Consumer Focus has concerns about how consumers are notified of termination fees when signed up to a tariff via the doorstep, telephone or by the supplier's website. Users of independent price comparison sites will be given clear notification that the tariff has a termination fee attached.

We have significant concerns about the information on many supplier websites as some suppliers appear to 'hide' the details.

Several examples of poor and good practice of notifying customers of termination fees are attached as an annex. It is worth highlighting that the two examples of poor practice (EDF Energy Online S@ver Version 7 and npower Sign Online 20) put information about the termination fees in the small print, away from the main details about the tariff. British Gas, by contrast, puts the information about cancellation fees in a clear and accessible place next to the other key facts about the tariff.

There is also significant variation in the amount of termination fees charged by suppliers. This raises concerns at the level of charges and whether these are commensurate with the benefits customers achieve on the tariffs or the exposure suppliers face as a result of cancellation. The terminations fees should not act as a punitive measure or a deterrent to switch.

Figure 1



Given the concerns about the transparency of these charges on suppliers' websites, the marketing of these tariffs via doorstep and telesales channels requires further examination to ensure that consumers are being properly notified about the termination fees.

Similarly there are further issues as to when suppliers choose to levy termination fees. Some suppliers explicitly state they do not levy a termination fee if a customer moves home. Other suppliers' terms and conditions leave them open to apply the termination fee as and how they want to.

Another area which is unclear to many consumers is whether termination fees will be applied if a customer initiates the switch to another provider before the deal's end date, even though the actual 'physical' switch, based on an up to six week switching process, takes place after the deal's expiration date. We are told that some suppliers are levying the termination fee on the receipt of an application to switch, even when the supply does not transfer until after the end of the contract period. As a result of this some switching sites are holding applications until the contract end date, but switching times taking up to six weeks means consumers are likely to be paying higher prices during that period.

An example where it is unclear what 'cancel your supply contract' means is ScottishPower's Capped Price Energy December 2012: "*We may apply cancellation charges...if you switch to our Capped Price Energy December 2012 Offer but then cancel your supply contract or switch to another of our tariff(s)...*"

The situations in which a termination fee will be applied are not always being properly flagged up to consumers. Consumers may think they understand the concept of termination fees but then sign up to a supplier's tariff with an entirely different policy on termination fees. The circumstances in which a termination fee will be applied must be highlighted in the overview of the principle terms and conditions of the tariff, not in the small print of the terms and conditions.

**Consumer Focus view:** Details of any termination fee and the situations in which the fee will be applied must be clearly highlighted as part of the principle details of the tariff at the start of the contract eg *your prices are fixed until February 2012, if you leave before this date you will be charged up to a £60 termination fee. You will be charged a termination fee if you move address.*

The level of termination fees must be proportionate and fair and suppliers must be able to demonstrate this.

Consumer Focus has added a new chart<sup>5</sup> on our website with details of the small print of new tariffs launched since July 2010.

## Issue 8: Confusing discounted fixed term products

Suppliers often market fixed term tariffs that are pegged to be a minimum of X per cent below standard prices. These tariffs normally have early redemption penalties, although some do not. When initially marketed these tariffs often offer better value than the minimum savings eg E.ON SaveOnline v4 currently offers 13 per cent saving<sup>6</sup> versus an advertised 6 per cent minimum saving, to attract customers onto these tariffs. It is likely that consumers will assume the price quoted is the one advertised in the terms and conditions ie 6 per cent below standard. The initial pricing of these tariffs may be inspired by the need to obtain a prominent position in the best deals in price comparison websites. It is unclear if suppliers will notify customers of any price increase that keeps the price within the advertised T&Cs. This would represent a de-facto price increase based on what the consumer thought they would be paying.

If the supplier subsequently decides to reduce the discount to the de minimis level, the customer is left in the worst of positions – paying virtually the same unit rate of the supplier's standard tariff but subject to early redemption penalties if they wish to move to a better offer.

**Consumer Focus view:** Suppliers must notify consumers at the point of sign up that the quoted price includes a current discount of X per cent compared to the minimum discount. The supplier should also inform consumers how long the current discount will last and how they will be informed of any changes to the existing discount.

## Issue 9: Suppliers excluding best deals from face-to-face marketing

Consumer Focus will not comment specifically on concerns about suppliers' current marketing practices, as Ofgem is already investigating four of the Big Six for alleged breaches of the new licence condition.

Our issue is with the more fundamental problem of the doorstep selling process, where suppliers do not offer their most competitively priced tariffs via this sales channel. Doorstep sales agents are required to market tariffs the supplier is willing to sell that particular week eg a fixed price offer, standard direct debit, prepayment, etc. Their most competitive offers, namely online direct debit deals, are never sold through this sales channel. Nor do suppliers allow, or accept sales from, independent brokerage activity on the doorstep.

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<sup>5</sup> <http://consumerfocus.org.uk/g/4mw>

<sup>6</sup> Based on a medium user in the Yorkshire region.

The supplier rationale is logical, albeit not necessarily fair to the trusting consumers. From the supplier perspective, these consumers are willing to sign up to a tariff that offers a £60 saving over their current supplier. Why would the supplier bother to tell them about their tariff that offers a £160 saving over their current deal?

By contrast, a consumer using an independent price comparison site will have access to all the deals in the market. A consumer looking at the supplier's website will be able to view all the available deals on offer. Consumers who are not online do not have access to this information at the point of purchase. Given the socio-economic and age profile of the remaining thirty percent of the population who lack access to the internet, this is of significant concern.

Ofgem's recent Consumer First Customer Engagement research showed that over half of switches were triggered by a salesperson's visit or call, which means that these consumers wouldn't have been offered the supplier's most competitive deal. Given that prepayment meter or more vulnerable consumers were most likely to switch using this method, this is of significant concern.<sup>7</sup>

Consumer Focus's recent research showed that consumers didn't understand that suppliers offered a wide variation of tariffs to monthly or quarterly direct debit customers. Consumers assumed that they were automatically on the cheapest available tariff for their payment method. This trust is clearly misplaced. Any consumer signing up to a doorstep deal won't even be offered the cheapest deal by their supplier.

**Consumer Focus view:** Suppliers must sell all tariffs to consumers when conducting face to face sales or clearly inform consumers that there may be cheaper tariffs available and tell them how they can sign up to these deals.

Our alternative will be recommending to consumers that they do not agree to a face to face sales contract because it may not offer best value for money.

## Issue 10: Independent Gas Transporter surcharges

There are potential issues with consumers whose homes are served by independent gas networks (IGTs). Some suppliers charge an annual surcharge of between £25-42, while others do not levy a surcharge. Some suppliers charge a surcharge to all customers served by IGT networks, whilst others only apply a surcharge to those served by certain IGT networks.

It is unclear how cost reflective the IGT surcharge is, given the current split between customers who are on the old charging model versus the post 2004 Relative Price Control (RPC) charging model.

**Consumer Focus view:** Ofgem should review the cost reflectivity of IGT surcharges to ensure these consumers are getting a fair deal. There are over one million households served by IGT networks.

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<sup>7</sup> <http://bit.ly/eCMfjx>

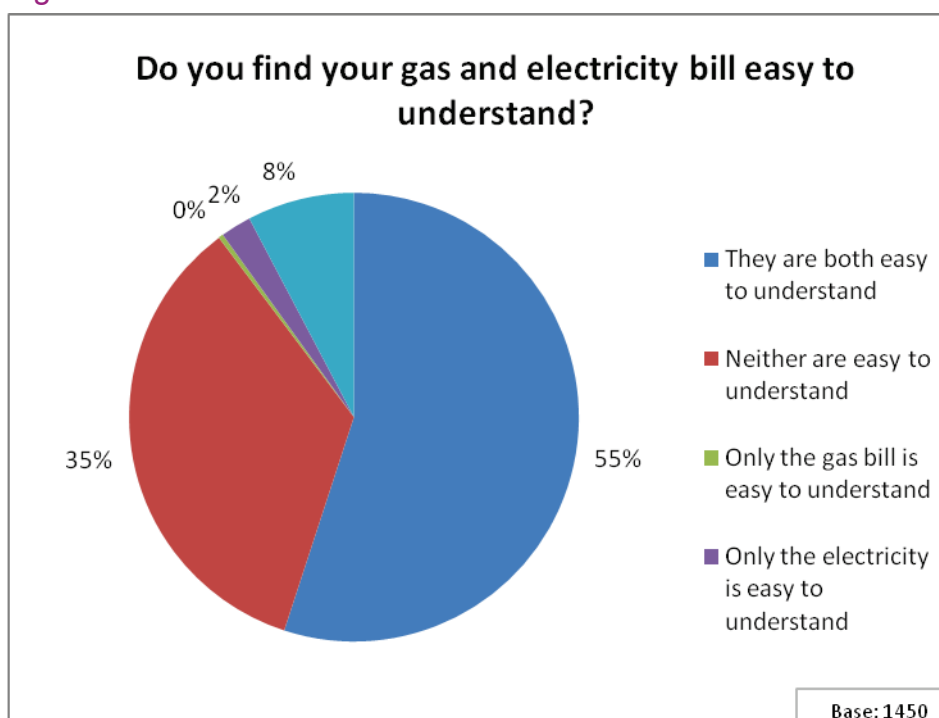
# Annex

## Consumer Focus March 2010 research results

Results from an online Omnibus survey of 2,048 consumers aged over 18 years conducted by ICM on behalf of Consumer Focus. Full findings will be available in January 2011.

A significant proportion (35 per cent) of consumers surveyed found both gas and electricity bills hard to understand.

Figure 2

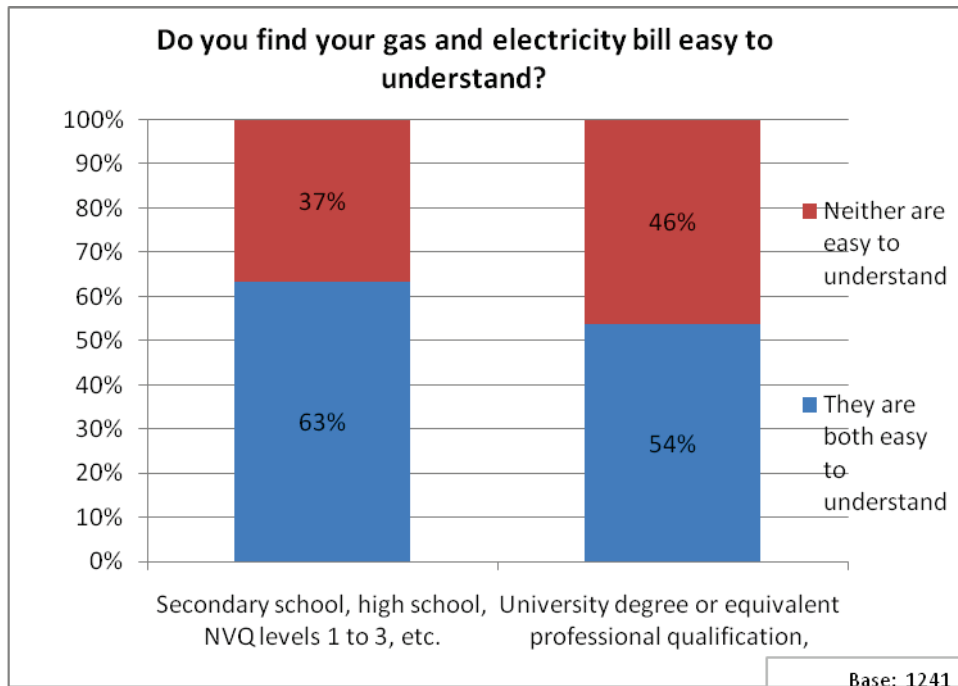


There was a reasonable variance across age groups again with generally the older you get the more likely you are to find both bills easy to understand:

	18-24	25-34	35-44	45-54	55-64	65+
They are both easy to understand	47 per cent	49 per cent	56 per cent	55 per cent	64 per cent	56 per cent

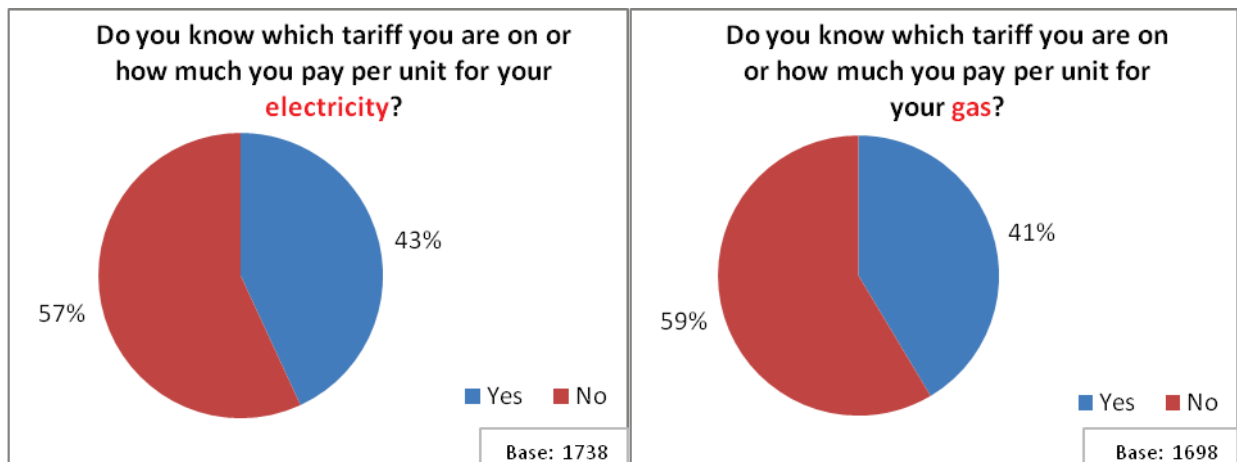
There was little variance across social class: C1: 53 per cent up to 57 per cent for DEs.

Figure 3



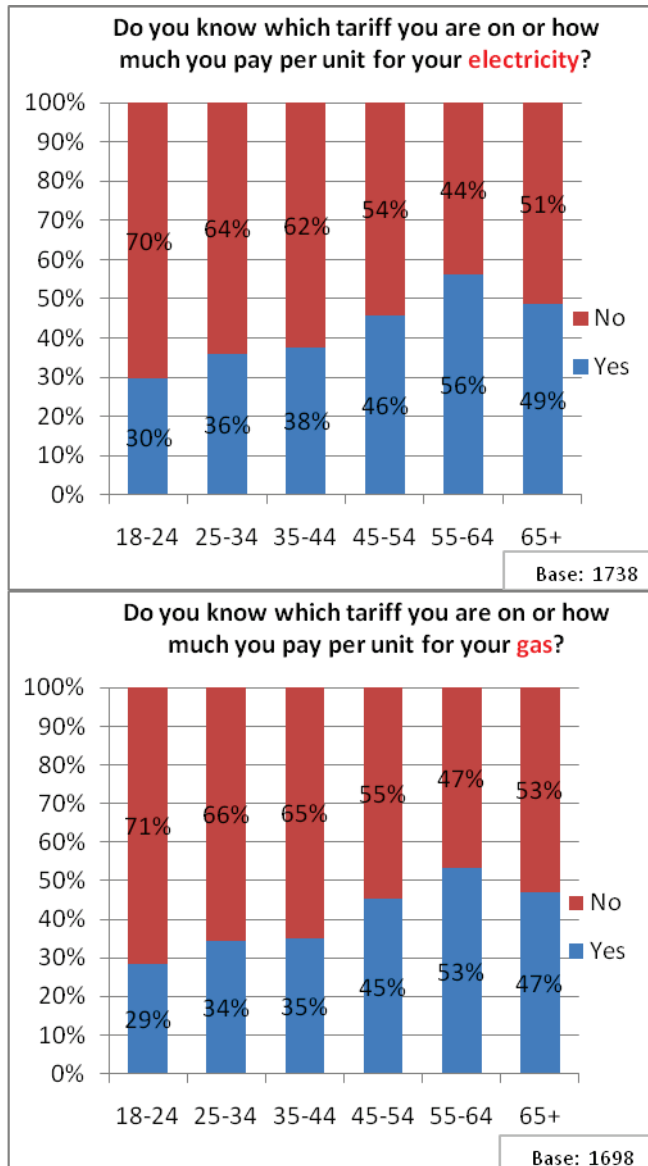
**Do you know which tariff you are on or how much you pay per unit for your electricity or gas?** (respondents who use electricity or gas to heat their home).

Figure 4 and 5



Unsurprisingly most people don't know what tariff they are on or how much they pay per unit (for either electricity or gas).

Figure 6 and 7



Generally the older you get the more likely you are to know which tariff you are on although, as shown in the previous question, the 55-64 year olds appear to be most knowledgeable age group.

## Consumer Focus's changes to the Confidence Code

Consumer Focus has significant and long standing concerns around the visibility and complexity of tariff structures, the process for applying discounts and when these discounts expire.

### New 12 month default comparison period

The new code will require sites to ensure the comparison period for which a quote is offered defaults to 12 months. Sites will, however, be able to create filters for other comparison periods. In future when a consumer is given a forecast quote, the price will be an accurate and consistent reflection of the price they will pay over the next 12 months.

### Clearer discounts structures

Any introductory sign up offers, one-time discounts/special offers or other promotional discounts that last for less than the duration of the comparison period must be excluded from the calculations but may be included in the tariff details.

For any consumer who does not select a specialist comparison period, the default option will ensure that any discount paid after the first 12 months of a customer's supply start date, and any subsequent 12 month period, will be excluded from the calculations eg 13<sup>th</sup> month discounts. These type of discounts should be included in the tariff details.

Any recurring discount that has not been ruled out by the restrictions set out above, and that is paid automatically should be **included** in the calculations such as paying by a certain method (eg monthly Direct Debit); dual fuel discounts; online discount; compulsory paperless billing discounts.

Where the end date of a supplier's tariff is within two months of the length of the comparison period, the site's reference to that tariff must be accompanied by a 'warning message'.

Where the end date of a supplier's tariff is less than the length of the comparison period, the service provider must not include that tariff on its comparison website.

We believe these changes will help consumers using online price comparison sites to navigate and understand the wide range of deals available. Sites must provide transparent information around discounts.

# Annex 2

## Further details about dual fuel tariffs currently offered by suppliers

Number of Monthly or Quarterly Direct Debit Tariff Options							
Supplier	Number of Choices available	Number of Different Prices	Cheapest Price		Most Expensive Price		Difference
British Gas	9	5	£1,001	Websaver 10	£1,208	Future Energy Plus	<b>£207</b>
E.ON	13	11	£928	E.ON SaveOnline 4	£1,158	Go Green	<b>£230</b>
EDF Energy	9	9	£946	Online S@ver 7	£1,170	Green	<b>£224</b>
npower	12	4	£930	Sign Online 20	£1,090	Price Fix 2012 / Standard / Juice / National Trust	<b>£160</b>
Scottish Power	22	14	£969	Online Saver 12	£1,221	Platinum Fixed Energy January 2014	<b>£252</b>
Scottish & Southern Energy**	28	16	£1,000	Atlantic Fixed Price 3	£1,191	Atlantic Standard Online	<b>£191</b>
Other Suppliers & Brands***	17	16					
<b>Total</b>	<b>110</b>	<b>75</b>					
<p>Based on dual fuel products, medium usage (20,500kWh gas &amp; 3,300kWh elec) available in the Yorkshire region as of 1 December 2010.</p> <p>All products available for payment by monthly or quarterly direct debit</p> <p>Products will be counted twice if they are available for payment by monthly and quarterly direct debit</p> <p>**Scottish &amp; Southern Energy brands in Yorkshire are Southern Electric and Atlantic Energy</p> <p>***includes Marks and Spencer (supplied by SSE)</p>							

Number of Quarterly Cash or Credit Tariff Options							
Supplier	Number of Choices available	Number of Different Prices	Cheapest Price		Most Expensive Price		Difference
British Gas	6	4	£1,145	OnlineSaver 3 with energysmart	£1,283	Future Energy Plus	<b>£138</b>
E.ON	5	2	£1,180	Age UK / Age UK Higher User	£1,250	E.ON / Age UK Price Protection May 2012	<b>£70</b>
EDF Energy	7	7	£1,007	Online S@ver 7	£1,242	Fixed Price 2015	<b>£235</b>
npower	3	1	£1,185	Standard / Juice / National Trust	n/a	n/a	<b>n/a</b>
Scottish Power	7	4	£1,071	Pay in Advance*	£1,340	Green Energy Fund	<b>£269</b>
Scottish & Southern Energy**	13	6	£1,074	Go Direct 5	£1,225	RSPB Energy	<b>£151</b>
Other Suppliers & Brands***	8	7					
<b>Total</b>	<b>49</b>	<b>31</b>					
<p>Based on dual fuel products, medium usage (20,500kWh gas &amp; 3,300kWh elec) available in the Yorkshire region as of 1 December 2010.</p> <p>*note Pay in Advance requires payment upfront for one year's energy costs</p> <p>**Scottish &amp; Southern Energy brands in Yorkshire are Southern Electric and Atlantic Energy</p> <p>***includes Marks and Spencer (supplied by SSE)</p>							

# Supplier notification of termination fees

## Example of information being difficult to find

Click here →

This would seem the logical place for this info →

**Online S@ver Version 7**  
Save up to £208 on your energy and a welcome bonus of up to £100\*

- ✓ Our cheapest tariff
- ✓ 2% minimum discount on our Standard tariff rates until 31 December 2011
- ✓ Available for a limited period
- ✓ If you're a new customer and switch before 30 November for Dual Fuel, you'll also receive up to £100 Welcome Bonus\*

Total average annual bill **£968**

Find out more >

Not an EDF Energy Customer?  
**Apply now >**

EDF Energy customers speak here

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**eco20-20**  
Mighty savings with eco20-20

- ✓ 20% cheaper electricity from Sun to Tam and weekends +
- ✓ Team Green Britain membership, to help you save money and live greener

Total average annual bill **£1,061**

Find out more >

Not an EDF Energy Customer?  
**Apply now >**

EDF Energy customers phone 0800 096 7302\*

**Online S@ver Version 7**  
Save up to £208 on your energy and a welcome bonus of up to £100\*

What is it? | Payment options | **Important information** ← Click here

**What is it?**

- ✓ Our cheapest tariff
- ✓ 2% minimum discount on our Standard tariff rates until 31 December 2011
- ✓ Available for a limited period

**What's in it for me?**

- ✓ Save £138\*\* on our standard prices...  
...and up to £208\*\* when you pay by Direct Debit for both electricity and gas
- ✓ Guaranteed minimum discount as long as you're on the tariff
- ✓ If you're a new customer and switch before 30 November for Dual Fuel, you'll also receive up to £100 Welcome Bonus\*

Chat live with an advisor  
Request a chat >

EDF Energy customers  
Apply here >

New Customers  
Apply now >

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Online S@ver Version 7

Save up to £208 on your energy and a welcome bonus of up to £100\*

What is it? Payment options Important information

Online S@ver Version 7 is a variable price product, which means the rates you pay may change. However, until 31 December 2011, we'll make sure that this product's unit rates are at least 2% less than our equivalent Standard product's unit rates.\*

If you change your energy supplier before 31 December 2011, you may be charged an Early Termination Fee: £30 for electricity, £30 for gas, and £50 if you get both fuels.

We'll get in touch before 31 December 2011, when Online S@ver Version 7 is due to end, to let you know which products we have available. Or you can choose to get our Standard product instead.

If you're a new customer and switch before 30 November for Dual Fuel, you'll also receive up to a £100 Welcome Bonus. Your account(s) will be automatically credited with £75 for Electricity and £25 for Gas within a maximum of 90 days from your supply start date with EDF Energy.

[Price list PDF >](#)  
[Terms and conditions PDF >](#)  
[Energy supply terms and conditions PDF >](#)  
[£100 Welcome Bonus T&Cs PDF >](#)

\* Saving shown based on a customer with a typical annual consumption of 3,300kWh of electricity and 20,500kWh of gas, paying by monthly Direct Debit for both and rounded down to the nearest £. The monthly Direct Debit discount is 6% off your gas and electricity bills which is credited quarterly, and is calculated prior to any other discounts and VAT being applied. Not all products (i.e. certain fixed and online products) are eligible for the 6% monthly Direct Debit discount.

† Calls may be monitored and recorded as part of our customer care programme. Calls to 0800 numbers are free from BT landlines, other network operators' charges may vary.

\*\* Saving based on the comparison between an EDF Energy Standard tariff single fuel customer paying by Cash/Check, and an Online S@ver Version 7 Dual Fuel customer paying by monthly Direct Debit. In addition to national savings of £121, this saving includes a monthly Direct Debit discount of 6% (6%) and an extra Dual Fuel discount of £6.40 (including VAT) per year, based on a typical average consumption of 3,300kWh electricity and 20,500kWh gas. Monthly Direct Debit discounts are applied before VAT and any other discounts have been deducted. Please note this is an indicative amount and it may be different based on your tariff, consumption, fuel and payment type.

\*\*\* £121 National average saving based on the comparison between EDF Energy's Standard tariff and EDF Energy's Online S@ver Version 7 tariff, based on a typical average consumption of 3,300kWh electricity and 20,500kWh gas. Please note this is an indicative amount and it may be different based on your tariff, consumption, fuel and payment type.

††† EDF Energy's £100 Welcome Bonus offer is subject to the customer signing up to the Online S@ver Version 7 Tariff via [www.savetoday.savetomorrow.com](http://www.savetoday.savetomorrow.com) by 30 November 2010 and the customer's account(s) going live on supply. The customer's account will be automatically credited with a Welcome Bonus of £75 for Electricity and £25 for Gas, within 90 days of the account being live on supply and the credit will appear on their first bill in most cases. Offer available to new EDF Energy customers choosing dual fuel or electricity only before 30 November 2010, and agreeing to pay by monthly Direct Debit. The offer may be withdrawn at any time and is subject to Terms and Conditions of use. For full Terms and Conditions of this offer, [click here](#).

Termination fee details here →

Example of information being difficult to find

The screenshot shows the npower website's 'Electricity and gas products' section. It features several promotional cards for different energy tariffs and services:

- npower Juice:** Promotes cleaner, greener electricity from 100% renewable sources. Includes a £190 Green Energy Bonus, £190 Direct Debit discount, and no premium to pay.
- National Trust Green Energy:** Powered by npower, it's 100% renewable. Includes a £188 Green Energy Bonus and £88 Direct Debit discount.
- Football Saver 2:** Offers discounted energy and a football team shirt. Features 7% cheaper than standard prices, a £45 Football League shop voucher, and is for Direct Debit customers.
- Go Save:** Offers an extra £10 dual fuel reward on top of the Direct Debit discount when managing the account online. Includes 24/7 access to bills online and a meter read reminder service.
- Sign Online 20:** Allows saving on electricity and gas. Features discounted gas and electricity, online account management, and Direct Debit exclusions.
- Freedom:** For eligible Barclaycard holders, offering a one-off £35 reward, up to £108 annual discount, and standard gas and electricity prices.
- Standard electricity & gas:** Described as the most popular tariff, it's simple and straightforward, with a variety of payment options, no termination fee, and Direct Debit discount.

Click here →

**npower** Home energy Home services Green energy Business energy

## Electricity & Gas

Home energy from npower

Homepage > Home energy > Electricity & gas > Products > Sign Online

### Sign Online 20

Cheap electricity and gas prices online

- ✓ You could save up to £255 with Sign Online 20\*\*
- ✓ Exclusively for customers paying by monthly Direct Debit
- ✓ Manage your account online
- ✓ Guaranteed discount against standard until 31st December 2011
- ✓ 2% cheaper than our standard prices for the average customer \*\*

[Switch your energy](#) [Compare npower prices](#)

You could save up to £255 off your electricity and gas bills with our Sign Online 20 tariff.\*\* Sign Online 20 brings you cheap gas and electricity prices online. You will need to manage your account online which means you can view your bills, send meter readings and contact customer services via npower.com whenever it suits you.

A termination fee applies to this product.

Your monthly Direct Debit payment includes your annual discount in the first year.

Find out if we're cheaper for you! [Get a quote now for your gas and electricity.](#)

Specific additional terms and conditions apply to Sign Online 20 along with npower's standard terms of supply. Both are available by clicking the link below

[Terms & conditions](#)

This would seem the logical place for this info



Scroll Down



**npower** Home energy Home services Green energy Business energy

## Electricity & Gas

Home energy from npower

Homepage > Home energy > Electricity & gas > Products > Sign Online

### Sign Online 20

Cheap electricity and gas prices online

- ✓ You could save up to £255 with Sign Online 20\*\*
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A termination fee applies to this product.

Your monthly Direct Debit payment includes your annual discount in the first year.

Find out if we're cheaper for you! [Get a quote now for your gas and electricity.](#)

Specific additional terms and conditions apply to Sign Online 20 along with npower's standard terms of supply. Both are available by clicking the link below

[Terms & conditions](#)

\*\* This potential annual saving represents savings on gas and electricity with npower Sign Online 20 against npower's standard (off-line) variable quarterly cash/cheque prices. Sign Online 20 prices are guaranteed to be 2% lower, on an annual basis, than our standard (off-line) variable quarterly cash/cheque prices until 31st December 2011. This is based on a customer with a typical annual average electricity consumption of 3,000kWh and gas consumption of 20,000kWh and includes the annual fuel direct debit discount. Savings shown are inclusive of VAT at the reduced rate of 5%. Saving is averaged nationally and will vary by area. npower's Direct Debit discounts are applied to accounts after 12 months. If before 31st December 2011 you change your supplier or tariff for electricity or gas, or both, to which your Sign Online 20 Agreement applies, you agree to pay a termination fee of £20 in respect of each such fuel. If you have been paying your energy bills by Direct Debit, you agree that we may also take this fee by Direct Debit. All prices are effective from 18/10/10 and are correct as at 18/10/10.

Termination fee details here



Example of information being easy to find

**What kind of tariff are you looking for?**

Flexible	Green	Online	Fixed	Pre-paid
No tie-in and lots of choice make this a popular kind of tariff.	Support carbon offsetting and renewable energy with these tariffs.	Manage your energy online and get our cheapest tariffs available.	Fix your prices to avoid the market ups and downs.	Manage your budget and pay for your energy as you use it.
<b>Available Tariffs</b> > Standard	<b>Available Tariffs</b> > Future energy plus (dual fuel only) > Future energy (electricity only)	<b>Available Tariffs</b> > WebSaver 10 > OnlineSaver 3	<b>Available Tariffs</b> > Price Promise October 2012 (dual fuel only)	<b>Available Tariffs</b> > Pay as you go energy
<b>Features:</b> <ul style="list-style-type: none"> <li>Most popular choice</li> <li>A range of extras available</li> <li>No cancellation fee</li> <li>A range of ways to pay</li> </ul>	<b>Features:</b> <ul style="list-style-type: none"> <li>100% carbon offset</li> <li>Supports green energy</li> <li>No cancellation fee</li> <li>A range of ways to pay</li> </ul>	<b>Features:</b> <ul style="list-style-type: none"> <li>Lowest tariff rates available</li> <li>Manage your account online</li> <li>Cancellation fees apply</li> <li>Pay by Direct Debit</li> </ul>	<b>Features:</b> <ul style="list-style-type: none"> <li>A fixed price for peace of mind</li> <li>Includes our EnergySmart™ service for free</li> <li>Cancellation fees apply</li> <li>Pay by Direct Debit</li> </ul>	<b>Features:</b> <ul style="list-style-type: none"> <li>Pay for what you use upfront</li> <li>Keep track of usage and payments</li> <li>No risk of getting into debt</li> </ul>

Early notification of cancellation fees

**WebSaver 10**

WebSaver is our cheapest available tariff, with a guaranteed discount compared to our Standard tariff. For this reason, there is limited availability. Our other online tariff is Online Saver 3 which comes with EnergySmart™ included.

**The tariff at a glance**

Here is a brief summary of our WebSaver 10 tariff, with figures based on average energy consumption<sup>1</sup>. If you would like a more accurate quote, view our Get a price calculator.

Average household spend (per month) <sup>1</sup>			Cancellation fee	Add-ons available	Discounts
Dual Fuel	Gas	Electricity			
<b>£86</b>	£58	£30	£30 Gas £30 Electricity >What's this?	EnergyExtra 50 >What's this?	Up to £15 for dual fuel Up to £75 for direct debit >Discount conditions

Based on average consumption of 10,500 kWh for gas and 3,200 kWh for single rate electricity, averaged across all regions, paying by MDD, rounded and including VAT. Prices as at 10th December 2010.

**Reasons to choose WebSaver 10**

- It's our cheapest available tariff
- You get a guaranteed 6% discount on our Standard tariff, guaranteed until 29th February 2012
- You manage your account online, without the clutter of paper bills
- You spread the cost with a fixed monthly direct debit
- Limited availability, so order now

**Want to order this tariff?**

I want:

- Gas and Electricity
- Gas only
- Electricity only

I'd like to add:

- EnergyExtra 50
- >What's this?
- Neither

**Order**

Clearly displayed and easy to find