

Which?

**Empowering
energy
consumers?**

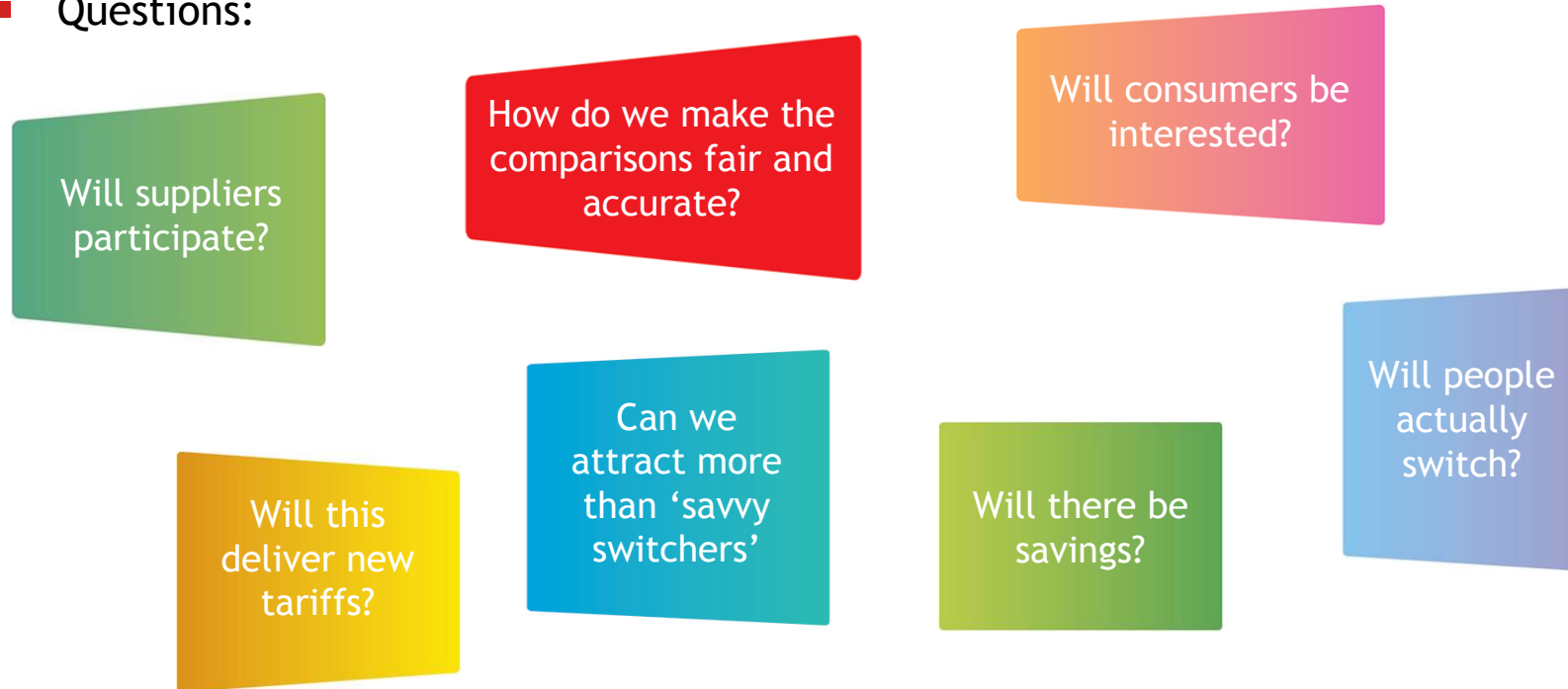
Building a 2020 vision
for Europe's energy
customers

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 a remote concept.
 - Link between how much they use and what they pay is not widely understood.
 - Energy is essentially 'boring'.
 - Price is the only difference between suppliers.
 - When considering the huge range of other consumer decisions that people make (telecoms, food, finance, health, transport and so on), energy is one of the last things people can be bothered to engage with.
- So:
 - Radical measures are needed from governments, regulators and energy companies.
 - At present, all parties fail to recognise how disengaged consumers are from energy markets.
 - Policies are not being put in place to ensure consumers can manage energy use and reduce their bills.

Could collective switching be an 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:



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.