

Press Release

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Intelligent metering holds key to ending fuel poverty

Pre-payment customers would rarely face disconnection if modern metering was routinely used to minimise energy debt among vulnerable households, says David Casale, Chief Executive of new energy supply company Utilita.

Welcoming the conclusions of the DTI select Committee inquiry into debt-driven disconnection and efforts made by Ofgem and fuel suppliers to protect the vulnerable Casale added, "Nobody wins from disconnection because - aside from the immorality of such practices - it's a highly inefficient way to run a business".

Prepayment meters used across the UK employ dated technology that is costly to administer. This ensures most pre-payment customers pay higher than average tariffs. Utilita believes:

- Resources currently devoted to disconnection should be redirected by energy suppliers into work to promote the installation of simple cost effective energy efficiency measures that would help cut the bills of the fuel poor permanently.
- Replacement of existing pre payment (token and key) meters with modern 'intelligent' technology - as used already in many parts of the EU and throughout e.g. Northern Ireland - would offer energy suppliers enough functionality to engage pro-actively with vulnerable customers to improve debt management and prevent most if not all disconnection.

Utilita is currently developing a pilot project with energy advice organisation Helpco under which new 'intelligent meters' will be tested in 500 low income homes.

In the meantime Utilita is offering pre-payment key meter electricity customers in England and Wales a fair priced tariff guaranteed to remain at least 10% below prices levied by the local energy supply company.

EDITORS NOTES

[1] The Trade and Industry Select Committee of the House of Commons published its Fifth Report of Session 2004-05, 'Debt and Disconnection: Gas and electricity supply companies and their domestic customers', HC 297-I, on Wednesday 10 February 2005. This argues that supply companies should demonstrate more commitment to reducing disconnections through earlier effort to prevent debt problems. It also calls on gas companies to make much greater effort to install pre-payment meters to

avoid the need for disconnection and tells government it should legislate to ban disconnection of domestic fuel supply on grounds of debt if supply companies fail to fall in with these demands.

[2] Utilita is a new entrant supplier of gas, electricity, telecoms and broadband (in any combination) that has been trading successfully since July 2004.

[3] With Utilita 'get PrePay' - a fair priced electricity tariff for customers in England and Wales using a key meter - consumers get the same price saving (and a guarantee to remain 10% below the local reference price) that direct debit customers get with Utilita. On price comparison website Energylynx* 'get PrePay' currently ranks best value in several regions. For instance, in the London area a pre-payment key meter customer can save on average £54.50 per year on electricity, a significant saving for many pre-payment households. * Not all price comparison websites list or compare pre-payment tariffs.

[4] Utilita plans to offer pre-payment key meter customers a fair -priced prepayment gas tariff by the end of March 2005. Dual fuel customers on 'get PrePay' will then earn the same free energy saving gear that is given to every other Utilita's (direct debit) customer

[5] Utilita is the first supplier in the UK to give every domestic credit meter customer a free home energy survey, free low carbon equipment and free energy efficiency gear (along with free professional help to install it) with which to save money and to cut their domestic carbon emissions - permanently. With get80 - Utilita's cheapest tariff (payable by direct debit) customers can pay 10% less for their energy than they will if they remain with the likes of British Gas or Powergen but also earn FREE insulation and other energy efficiency gear with which to cut their future bills by at least another 10% within 3 years. Utilita believes prepayment customers deserve the same opportunity to cut their bills permanently and in many cases stand to benefit most from doing so. The Energy Savings Trust (www.est.org.uk) has calculated that an average UK household could reduce their energy bills by up to £200 a year by installing simple energy efficiency measures into the home.

[6] Utilita cannot currently offer get-prepay to customers using a token meter. Utilita believes that the replacement of both token and key meters with more modern 'intelligent' technology should be given much greater priority. Such technology is already employed throughout Northern Ireland and much of the EU, Such meters give energy customers a better measure of energy usage combined with more scope to manage payments appropriately and a clearer incentive to pursue energy saving measures. They also give suppliers more flexible ways to engage constructively with customers facing payment problems.

[7] Around 50% of UK domestic energy customers have not switched supplier. They pay Reference Prices that are 10% more than the Utilita get80 price option but get no energy efficiency savings.
25% of switchers pay slightly more than the Utilita get80 price option but get no energy efficiency savings
22% of switchers change supplier often and get slightly cheaper deals but get no energy efficiency savings with which to reduce their bills permanently.
3% of customers get energy efficiency under government subsidy schemes.
7 out of 10 customers get cheaper rates with Utilita

[8] Customers can see all Utilita tariffs at <www.doyougetit.co.uk> or may contact Jim Garrett, on 0845 450 4117 <jimgarrett@utilita.co.uk>

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