



Energy Security and Net Zero Committee

Oral evidence: [Preparing for the winter](#), HC 1720

Wednesday 6 September 2023

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Members present: Angus Brendan MacNeil (Chair); Vicky Ford; Barry Gardiner; Mark Garnier; Mark Jenkinson; Lloyd Russell-Moyle; Alexander Stafford.

Questions 1-175

Witnesses

I: Adam Scorer, Chief Executive, National Energy Action; Gillian Cooper, Head of Energy, Citizens Advice; Simon Francis, Co-ordinator, End Fuel Poverty Coalition; Roni Marsh, Money and Cost of Living Team Manager, South West London Law Centres; and Matthew Cole, Head, Fuel Bank Foundation.

II: Chris O'Shea, Chief Executive, Centrica, British Gas; Philippe Commaret, Managing Director, Customers, EDF; Simon Oscroft, Co-founder, So Energy; Chris Norbury, Chief Executive E.ON; and Rachel Fletcher, Group Director of Policy and Regulation, Octopus Energy.

Written evidence from witnesses:

- [National Energy Action](#)
- [Citizens Advice](#)
- [End Fuel Poverty Coalition](#)
- [Fuel Bank Foundation](#)
- [Centrica](#)
- [EDF](#)
- [So Energy](#)
- [E.ON](#)



Examination of witnesses

Witnesses: Adam Scorer, Gillian Cooper, Simon Francis, Roni Marsh and Matthew Cole.

Q1 **Chair:** Good morning, and thank you all for coming today. I will ask each of the panellists to introduce themselves—name, rank and serial number—starting on my left with Matthew.

Matthew Cole: Hi everybody. I am Matthew Cole, CEO of the Fuel Bank Foundation, a charity that acts like a food bank, but for electricity and gas.

Gillian Cooper: I am Gillian Cooper. I am head of energy policy at Citizens Advice, which is the statutory consumer advocate for energy consumers.

Simon Francis: I am Simon Francis. I am co-ordinator of the End Fuel Poverty Coalition, which represents over 70 organisations ranging from small charities and community groups to larger organisations, trade unions and other campaigners.

Roni Marsh: I am Roni Marsh. I am from South West London Law Centres. I am in charge of the money and cost of living team; 10 of us advise the public.

Chair: We always like people in charge of the money.

Adam Scorer: I am Adam Scorer. I am the chief executive of National Energy Action, which is a national fuel poverty and energy efficiency charity.

Q2 **Chair:** Excellent. As we have a large panel of five and a subject of much interest, I might have to be a bit abrupt, so apologies beforehand if you find me to be abrupt. That is not my nature, but we have only about 10 minutes for each question area.

To start the questions—I am not sure who to direct this to—what choices were consumers having to make between heating and food bills over the winter of 2022-23? Adam, you might be the best to kick off.

Adam Scorer: We at National Energy Action saw three sets of behaviours. One was increasing levels of debt, which I am sure you will hear from suppliers later on—people carrying impossible levels of debt in order to be able to afford heating and food. Another thing was privation; we saw record numbers of people disconnecting from energy supplies, people not using hot water to bathe and people using their ovens to heat their homes—we saw the whole panoply of dangerous coping mechanisms to get from one minute to the next. Combined with those two sets of behaviours—accepting impossible debt and accepting dangerous coping mechanisms—we saw, and this was probably the most notable change last year, an explosion in the mental health crisis of people trying to manage those levels. Sixty per cent of the people who came to us had some sort of



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medical condition—anxiety, fear and frustration as the core that went along with those first two coping mechanisms.

Q3 Chair: How many more people came to you last winter than, say, in the winter before?

Adam Scorer: We are a small organisation, but we had thousands more. We are not at the scale of Citizens Advice. Of the numbers that came, for how many we were able to answer the call, I do not know the exact numbers, but our ability to respond to the calls was nowhere near the demand. That is something that we expect to see in spades, because for us that crisis experience of householders will be worse this winter, given the crude levels of debt over the previous year, the normalisation of dangerous coping mechanisms, the current levels of—

Q4 Chair: Give me an example of normalisation of a dangerous coping mechanism.

Adam Scorer: People will expect not to wash clothes for their children, not to have hot showers or baths, not to heat their homes, to use barbeques to cook their food, and to borrow from neighbours and friends what they cannot afford to repay. We are also seeing much more of things like people gambling to try to make ends meet—mechanisms that are not the appropriate way for people to try to get through a difficult situation.

Q5 Chair: Gillian, Adam mentioned Citizens Advice. I am interested in the change between last winter and the winter before. Do you have any data, knowledge or information on that?

Gillian Cooper: Yes. I can give some figures for the emergency support that we were able to hand out to people last winter. Between October '22 and March '23, we helped 45,000 people with emergency fuel vouchers to top up their prepayment meter. That was a significant increase over the previous year. We also helped 129,000 people with crisis support, which is everything from food bank referrals—

Q6 Chair: When you say “significant”, was that a doubling, a 10% increase, or what?

Gillian Cooper: I do not have the figure. I can write to the Committee with that.

Chair: That would be good.

Gillian Cooper: Crisis support is food bank referrals and emergency charity support, and that was nearly three times the figure for the winter of 2019-20. It has been a very significant increase in the emergency support that we have had to hand out as an organisation.

On the call volumes and the rise in the number of people accessing our online advice, last year was a record-breaking year for us. We had 5.66 million page views of our online energy content, which was up significantly. Our consumer service answered 190,000 calls last year, which again was up significantly. With our other energy advice services, in



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total, we probably helped about 300,000 people with personalised energy advice last year.

Q7 **Chair:** Do you agree with Adam that it will get worse this coming winter?

Gillian Cooper: Yes. All the forecasts from our data suggest that it will get worse this year.

Q8 **Chair:** Can you pinpoint why?

Gillian Cooper: The number of people in energy debt is increasing, and the size of that debt has increased significantly, so the number of people coming to us with energy debt at the moment owe an average of £1,700 in energy debt. That is up. It is just that the cost of living crisis has been with us for a while now, and for households that had financial resilience at the start of the crisis, that financial resilience has now gone. Over 50% of the debt clients that we see through our services have what is known as a negative budget, which means that they have to spend more on their essential bills than they have money coming into the house, so those households are not even in a position to start repaying debt, because they simply cannot afford life at the moment.

Q9 **Chair:** Thank you. Simon Francis, you are at the End Fuel Poverty Coalition, although the end of that probably seems further away than ever, from what we have heard from the first two witnesses. What is your take on what has been happening and what is coming?

Simon Francis: I agree with everything that has been said so far. Also, despite the huge levels of Government intervention last year, there were still—according to estimates—4,706 excess winter deaths last winter caused by living in a cold, damp home in England, Scotland and Wales.

Q10 **Chair:** Will you repeat that stat?

Simon Francis: There were 4,706 excess winter deaths last winter caused by living in a cold, damp home in England, Scotland and Wales. That is up from 3,186 excess winter deaths caused by living in a cold home the year before.

Q11 **Chair:** That is roughly a 33% increase.

Simon Francis: Yes—it is hugely difficult. Behind that figure as well, there are thousands and thousands more people who have pre-existing health conditions and disabilities, whose conditions are all made worse by living in a cold, damp home. The help did not address that problem.

One of the things that we are really worried about is that last winter was relatively mild. Looking back through historical data on excess winter deaths, with a mean average temperature of 3.6° or below in the winter, the number of excess winter deaths caused by cold homes triples, essentially.

Q12 **Chair:** Would you expect that figure to increase this winter, given the increase on the year before? I am asking you to do a Mystic Meg here, but an informed Mystic Meg.



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Simon Francis: The signs are that people are going to be struggling more in cold, damp homes this winter, because of the factors outlined by Adam and Gillian. Also, essentially, what we end up with is a situation in which we have to hope that we have a mild winter. I do not think that households around the country would really consider that acceptable, that they are just expected to hope that it is mild and that they will not suffer greatly because of the conditions they live in.

Q13 **Chair:** Before I turn to Roni, I will go to Matthew, head of the Fuel Bank Foundation. What sort of mitigation can the foundation do, make or have to intervene?

Matthew Cole: Typically, we support people who prepay for energy, so when there is not enough money left at the end of the month, the lights turn off. Last year, we supported 440,000 people. Their needs had been validated by trusted organisations, such as those sat at this table today and others—we work with about 650 organisations—and for this year we are forecasting an increase of a quarter.

We are seeing the points that Adam made clearly: people are making dangerous choices about the way in which they live their life, with the sacrifices they make. Often, people talk about a good month being when only about three or four days are left at the end of the month with no energy, while a bad month could be 10, 11, 12, 13 days. That is the reality.

In particular for people on low incomes, if they have a prepayment meter and have to pay as they go, the cost of their energy is not smeared across the year in 12 equal chunks. They pay excessively more in the winter just to keep warm. That is the big challenge for our client group.

Q14 **Chair:** That is a very good point. Finally, Roni Marsh, as the money and cost of living team manager at the South West London Law Centres, what is your assessment of what we have heard so far? How prepared are society and the Government for this coming winter?

Roni Marsh: Not prepared at all. They are worried, depressed and not sure how they are going to cope, but they have no money to prepare. I agree with everything that has come before. With every person, when they ring in, we start with “Do you have any food?” If they are on a prepayment meter, we then move on to “Can we refer you to get a prepayment voucher? How much have you got left on your gas and electric meters?”

It’s warm, isn’t it? It’s too warm at the moment, but as we move further forward into what I hope will not be too cold weather, it is going to get worse and worse, because heating your home is expensive and there are just so many people who are not going to be heating their home.

Q15 **Chair:** Can energy suppliers do anything to help?

Roni Marsh: Yes: make it cheaper. I know that that sounds really bland, but a lot of my client group, even if they are working, are topped up by universal credit. It just is not giving them enough money to afford the gas



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and electric, because it has gone up so high. If it were back at the original prices, it would be affordable. I know you cannot produce a miracle and make that happen, but there could be some sort of social tariff, like we have for the water—something to help my clients.

Q16 **Chair:** Let me ask the rest of the panel. We have a minute left on this area before I hand over to Barry Gardiner. Does anybody else have any ideas, or any asks of Government or energy companies and suppliers?

Matthew Cole: Yes. The challenge we see in our client base is those people who have a critical dependency on energy.

Chair: And what would your ask be?

Matthew Cole: For suppliers to very clearly go through their books of customers to identify people who may be at risk who are on a prepayment meter, and to make sure that suitable mitigations are in place. 41% of the people we helped last year had a critical need—think stairlifts, think very young or very old people in homes, think medical equipment.

Q17 **Chair:** Forty-one per cent were old people?

Matthew Cole: Forty-one per cent were people who had a critical dependency on energy. That could be babies, it could be elderly people, but it could also be people with stairlifts.

Q18 **Chair:** Or motor neurone disease, or whatever?

Matthew Cole: Absolutely.

Q19 **Chair:** Does anybody else have an ask—Roni?

Roni Marsh: Maybe to remove the standing charge when the weather gets below a certain temperature.

Chair: That is an interesting suggestion.

Adam Scorer: Refunding the standing charges is a great one.

There are two fundamental things. Whether they like it or not, the Government will have to come out with a financial package to support energy bills for the most vulnerable this year. Along with that—maybe you will hear this from suppliers—the level of energy debt is so extreme now that it is destroying lives, so we have to have a mechanism like a help-to-repay scheme that helps people accelerate their way out of energy debt. It is important for individuals and it is important for the energy systems. We cannot get back on an even keel, with a good way forward of dealing with the problem of energy affordability, without tackling the 70% increase in energy debt from 2020 to 2023. It has to be on the agenda now.

Chair: Thank you. I am just about keeping to time. Barry?

Q20 **Barry Gardiner:** First, I want to thank all of you and your organisations for the work you do for my constituents and for all our constituents. It is absolutely huge, and the way in which you help my office staff to be able



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to help my constituents is really, really appreciated.

I want to talk about those people who are in what is called non-standard accommodation. I am focusing on the energy bill support scheme for alternative funding. We are talking about people who live on boats, people who are in care homes, people who are off-grid and people who live in park homes. The tendency is to think of these people as a sort of minority on the sidelines, but we are talking about a population that is bigger than that of Liverpool. Nine hundred thousand people live in that category, and they were supposed to get £400 towards their energy bills, because they do not have meters and they do not have an energy supplier. But 14 out of every 15 people—think again about the population of Liverpool—did not get that support. I want to know why. More than that, I want to know how the Government can sort it for this winter.

Adam Scorer: That is such an excellent point. The generosity—the size of the scheme—was huge, but we think that 1 million households who were due for support in one of the different bill mechanism schemes did not get it, and £440 million went back to the Treasury that should have gone into people's pockets. It is a problem across the piece. We did a piece of work with the Gypsy and Traveller communities and nomadic communities, and about half of that group did not see anything. These are the atypical communities that were either nomadic or they've been—and 80% of those, we knew, were turning off their heating to save it.

One of the problems was the scale. It was relatively easy, expedient, but hugely expensive. It was an attempt at universal provision, but it was not universal. Lots of people got left out because of the ability to get things to people on traditional prepayment meters, people whose addresses are not up to date, people who don't have a good transactional relationship with their energy suppliers and people on fuels other than gas and electricity. As I said, I think Government has to recognise when it needs to step in. It has to learn the positive and the negative lessons of the way we went about trying to get that support to people.

Q21 **Barry Gardiner:** Give me recommendations that this Committee can put in its report to Government before this winter so that we get it right. That's what I want.

Matthew Cole: What could be different? Trying to provide help to people who live in a care home or a canal boat after winter is too late when people need to buy the coal for that canal boat in October. If you launch a scheme in the spring, it is almost as if the horse has bolted at that point. That is really important—to identify who those people are and who should be helped and to define the delivery mechanism before winter bites, especially for the people you're talking about. You know, they need to buy their energy in advance. Lots of people are not able to get through the winter without that support.

Gillian Cooper: What you have highlighted is a long-term problem that we have of how you identify low-income households who are struggling, who are not on means-tested benefits, and for whom no data matching schemes exist. We think there needs to be a much wider look at that,



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because if you are vulnerable in the energy sector, you are probably vulnerable in a number of other sectors. One way you could do this is by setting up a taskforce to look at how to improve data sharing between different essential services sectors. Once we have a way of identifying these people, channelling targeted help to them becomes much easier. If that is something the Committee is willing to look at, I think that would be very helpful.

Q22 Barry Gardiner: We have always been told that the difficulty is sharing that data across Government Departments because of data protection. How do we get around that? Citizens Advice, tell me.

Gillian Cooper: There are ways you can do it with a consent-based mechanism—so you can get people to opt in to sharing their data. That will go some of the way, but it will not go far enough. There are opportunities to see how flexible the rules could be, because this is delivering targeted support to people. There are provisions in other Acts that allow for that, because you'd be delivering clear benefits. We know this is a problem. It's not a problem that's going to go away; it will be with us for a long time. So it is right that we take the time and invest to get this right.

Q23 Barry Gardiner: We have two recommendations so far, I take it. One is to get this thing done early before winter—don't leave it till the spring. Two is to look at data sharing. Any more suggestions that we can get into our recommendations?

Simon Francis: I think the other problem with this scheme was the voucher mechanism; so, the fact that people had to opt in and get it. I think anything that can be done to offset that and to give the money so that the cost of energy is cheaper at source is probably going to be the most effective way of reaching—

Q24 Barry Gardiner: So is about being proactive, not waiting on people coming to them.

Simon Francis: Yes, and that might be something that the energy firms can help advise on.

Adam Scorer: The other thing is the levels of awareness of what support is available and the routes you take. We put a lot of store in this being universal and automatic—you don't have to do much work, you can just talk about what you are doing. You need to understand the communities—we are learning about the communities that are vulnerable and hard to reach—and you have to incorporate that into very specific targeted awareness and advice sessions through the organisations that they trust and that they work with and to make it easy for them to understand what their rights are and how they can access the help.

Q25 Barry Gardiner: Very helpful. Good energy companies have done more to support those consumers that are out of reach. What more could they have done?



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Roni Marsh: Something that didn't rely on the post, so maybe a more pointed form of contact. For the pre-payment meters, which was my area, maybe a message on the meter if that was possible.

Q26 **Barry Gardiner:** So they could actually get directly to people rather than relying on postal services, because if you are off-grid, postal services are perhaps not the most reliable way of communicating.

Roni Marsh: It is about the vulnerable communities. I spoke to someone yesterday who was frightened by letters, because people ask her for money. She throws them away. I begged her to put them in a carrier bag for me. That is not unusual.

Adam Scorer: I would not want to suggest it was easy to do that, but it is right to pick on the prepayment meter users. I understand the digital limitations of many households and making it not digital by default. I am not underestimating the challenges of the energy companies, because we have these call waiting times. You have to focus on the ability to be responsive to that.

Barry Gardiner: We will come to that later, but thank you for that.

Gillian Cooper: It is important to make a distinction. Customers are people that energy suppliers have a direct relationship with—that is, people on traditional prepayment meters, where there were challenges with the EBSS voucher scheme—and then customers on narrowboats or in care homes, where suppliers will not have a direct relationship. They are two very different cohorts and the solutions will be different.

Simon Francis: You might also look at the household support fund—giving money to local authorities to help with the delivery of the household support fund to some of these groups, because obviously, those funds are also stretched, as local finances are.

Q27 **Barry Gardiner:** Really good. So you are recommending that the £440 million that the Treasury took back should be distributed to local authorities to give out?

Simon Francis: You might be stretching the point a little bit there. The LGA will be very happy with that suggestion. I think that might be part of the solution.

Q28 **Barry Gardiner:** Can you give a quick yes or no, so that I keep within the Chair's allotted 10 minutes? Do you think that the energy companies sufficiently engage with consumers who are in non-standard accommodation? Do you think they try to identify who really is vulnerable? Do they work hard enough at that—yes or no?

Matthew Cole: It is a nuanced answer. As Gillian said, a lot of the suppliers do not have relationships with people in non-standard accommodation—E.ON is not talking to somebody who lives in a care home because that care home resident pays somebody else. I think there isn't a natural relationship for a lot of consumers in non-standard accommodation.



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Gillian Cooper: The same as Matt—I would agree with that. It is different.

Simon Francis: In the wider vulnerable groups, they absolutely do not do enough to engage with them.

Roni Marsh: No.

Adam Scorer: With those caveats, no.

Chair: Exceptional, Mr Gardiner; you are definitely gold star material this morning.

Q29 **Mark Garnier:** Gillian, can I come back to you on some of the first questions, which looked at the number of people who are being affected? You came up with a number of 129,000 people who have crisis support and 45,000 people who are receiving fuel vouchers. Can we finish up on that question regarding the extent of the problem? If you add those two together, would they necessarily be the same group of people?

Gillian Cooper: There is some overlap. Obviously, if you are not on a prepayment meter, you would not need a fuel voucher, but you might need a food voucher.

Q30 **Mark Garnier:** Okay. So if you were to add together the total number of citizens advice bureaux customers who came in one form or another, how many households do you think you would be contacted by? I am assuming that each one of those is a household rather than an individual.

Gillian Cooper: Yes, it would be a household. Can I come back to you on that, because I want to give you an accurate number?

Q31 **Mark Garnier:** That would be helpful. Also, I would quite like to know your penetration rate—so how many people? If you look at England and Wales, there are 24.8 million households in England and Wales. I am trying to get to the bottom of how extensive this problem is. If there are 1 million households, it is a very big problem. If there are 200,000, it is a huge problem for the individuals concerned and we need to help them. I am just trying to get a measure of where we are.

Gillian Cooper: Citizens Advice operates in around 250 locations across England and Wales. We do not operate in Scotland. We have a partnership with the Trussell Trust, where we refer people to their food banks. A number of people are getting food vouchers and they would be going to a Trussell Trust food bank or, in some cases, another local food bank.

The charitable support will vary because a lot of that funding came from the household support fund. Not every local authority delivered that in the same way and worked with Citizens Advice to distribute that money, so there will be some variations, because we would basically hand out what we could hand out. I am very happy to come back to the Committee with some numbers about what we felt the total was, to give you a more rounded figure.



Q32 Mark Garnier: That would be very helpful. To echo Barry's comments earlier, I have worked very closely with your team in Kidderminster, who do a fantastic job. Thank you all of you for the work you are doing for us.

Gillian, Citizens Advice did a survey in which it ranked energy companies in terms of overall customer service. Octopus came No. 1, with a not hugely impressive 3.65 out of 5; So Energy was rated 14th—I mention that because they are coming to give evidence shortly—at 2.4 out of 5; and British Gas was 13th, at 2.5. Why is customer service so poor?

Gillian Cooper: It has been a very challenging year for advice agencies and energy suppliers in terms of the number of people who need help and support. The energy suppliers can talk about the surge in call volumes they have seen. We absolutely have seen a surge in call volumes as an advice provider. That is one of the challenges. One of the metrics we measure in our survey is call answering times. When your call centre is under stress, your call answering time is not as effective as it should be. One of the things we really want suppliers to do this winter is make sure they have enough advisers trained up and ready to answer those phone calls, because we know that people are going to be calling in for help.

In terms of some of the other challenges, they obviously have a lot of people who are in dire financial situations. They are probably needing to spend more time on the phone with them, and again, that will feed into people's perceptions of whether or not they are getting a good service—particularly if the supplier is unable to help them because the challenge is that they just do not have enough money to pay their bills. It can feed into a concern about the quality of customer service, which is driven by wider problems.

Q33 Mark Garnier: The key point is that people do not have enough money to pay their bills—plural—and this is an interesting point. When Octopus or another supplier is having a conversation with somebody, that person may have seen his or her interest rates on their mortgage go up fivefold from 1% to 5% or they could see their landlord increasing rent. There are all sorts of different things, and we then add to that the cost of food going up. How do they work with other creditors of those households? At the end of the day, if it gets ugly, presumably Octopus or any other supplier could be competing against NatWest, Nationwide Building Society or anybody else. How does that work?

Gillian Cooper: Suppliers have a responsibility to agree sustainable payment arrangements with any customers of theirs who are in debt. In a lot of cases—particularly at this point in time, because of the state of people's finances—people are not in a position to start repaying debt because they are struggling to afford their ongoing consumption. That is the challenge suppliers have. It is largely a commercial decision for suppliers whether or not they want to work with a range of partners to provide wider debt support for their customers. Some do. It is not consistent enough.

The real challenge we have is that people are struggling across the piece. The energy bill is a very visible and live problem that many people have,



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but as you alluded to, a lot of people are behind on rent or are struggling with higher mortgage rates and food prices, and they need wider support. It is why we have called for targeted price support this winter aimed at low-income households, because for those households, that money would make the difference between being able to keep the lights on, bathe the kids and pay some of their bills.

Mark Garnier: Does anyone else have any comments?

Simon Francis: On the point about what energy firms are doing, the ratings look at how easy it is to contact an energy firm, and the ratings you read out suggest that it is not particularly easy to contact an energy firm. That is one measure. But energy firms also need to be judged on how successful those contacts are. If you are passed between three or four different people just to get an answer to your question, not only is that difficult for you, but it is going to take up time. If you are working with an adviser, there is a waste of time for Roni and her team when they are trying to get through to people to resolve problems.

There is also a question about empathy—do people really understand the situation that the people who are calling in are in? It would be good to see a measure of success for energy firms based on those three areas—contact ease, contact success and contact empathy—rather than just on whether or not you can get through on an AI chatbot.

Q34 **Mark Garnier:** Out of interest, ULEZ is currently quite a hot topic; has anybody come to Citizens Advice, or indeed anybody else, about suddenly being whacked by this extra £250-a-month ULEZ charge?

Gillian Cooper: It is not something that has appeared in our data yet.

Mark Garnier: Fair enough.

Roni Marsh: I think it is something that is going to come up in future, because it has only just arrived.

Mark Garnier: Okay, that is interesting. It is what it is, and it is a big political topic.

Adam Scorer: Can I come back to the point about industry standards in relation to the cost of living crisis? If I were to pick three areas, the first would be waiting times, because often the people who come to us gave it a go with the energy companies, but it is a moment of anxiety and they do not really want to make the call, so if they cannot get through, you step back, and that opportunity to engage with a customer in dire circumstances who may be struggling with their debt repayment is gone, or gone for a period of time, and that gives a message to the supplier. So waiting times are important. We wait on the phone to energy suppliers for clients as well. We figured out that in the call waiting time for each of our suppliers, each adviser could have dealt with another client that day. That is difficult to swallow.

On the other areas, there is a supply licence responsibility in two particular areas. One is to treat consumers in vulnerable circumstances with respect and empathy and to understand their situation. I think that is variable across the market and sometimes within companies. The other, which has been mentioned, is debt repayments. If there is a fundamental customer service challenge that comes out of this crisis, it is setting debt repayment levels at rates that push it as hard as possible rather than understanding what the household is able to repay. That is at the crux of it and it feeds into the debt mountain we have. It actually helps to be much clearer about what a household can afford, because otherwise you are just building up problems for yourself as a supplier and for the customer.

- Q35 **Mark Garnier:** I have around one minute before Angus gets angry—or angrier. Gillian, I will address this to you, but if anybody else wants to leap in, let me know. Does Ofgem have its priorities right in addressing customer protection? What would you hope to see in Ofgem’s new set of consumer standards?

Gillian Cooper: We were disappointed by how long Ofgem took to grasp the prepayment meter crisis that emerged last winter. Since then, they have taken the right actions. The temporary ban is still in force, and new protections are going into the licence quite imminently that will really strengthen protections in that space, and it will now be a lot clearer about where prepayment is not suitable for certain households. The problem we saw last winter was that different suppliers were operating to different standards, which meant that prepayment meters were force-fitted in households where they never should have gone in in the first place because of the risk of harm to those households.

Ofgem can take action and can do so swiftly, and we are hopeful that, in terms of the support that people receive from their suppliers, we will be in a better state this winter, particularly in respect of things like additional support credit, which is what suppliers are now required to give to customers who self-disconnect from their prepayment meter. The process around that should be better and more straightforward for people.

Chair: I am going to indulge Lloyd Russell-Moyle for a minute.

- Q36 **Lloyd Russell-Moyle:** You mentioned phone call waiting times; should Ofgem set a maximum amount of time that someone has to wait to speak to a person? Should that be set in the standards?

Adam Scorer: Probably not. Having a prescriptive measure that companies can fail against is one thing, but I just think you need to monitor it. It is one of those situations in which you think, “Are they doing their best endeavours? Have they supplied the public?”

- Q37 **Lloyd Russell-Moyle:** So they should have to report on their average wait times.

Adam Scorer: Yes, absolutely. It is one of those things where Ofgem should just say, “Is that an appropriate level of time?” and pick out suppliers who are obviously failing against that mark.



Q38 Lloyd Russell-Moyle: What then happens if a supplier does fail? If someone has an hour wait and reports it, what is the conclusion?

Adam Scorer: There are two measures, aren't there? One is that there will not be a fine, because that is tied up in the supply licence conditions. But Ofgem can take reputational measures. If you are at the bottom of the pack, it is not comfortable, and there are ways of driving that performance up. The other thing we would want Ofgem to do is to separate out satisfaction scores for vulnerable households, possibly using the priority services register, and you could measure call waiting times against that cohort as well.

Matthew Cole: For our client group, phone calls aren't the be all and end all. It is about the ability to speak to your energy supplier. Most Fuel Bank clients prefer to talk online or via WhatsApp. It is about the ability to contact rather than necessarily the ability to have a phone call with somebody.

Q39 Lloyd Russell-Moyle: It is about getting a response from a human—and what you are saying is that a response from a human needs to come in a certain period of time.

When people select their supplier, does anyone look at all those stats, or does everyone just look at the bill price? Are any of those stats useful at all in driving the market?

Gillian Cooper: They can be useful.

Q40 Lloyd Russell-Moyle: How?

Gillian Cooper: They need to be more prominent. You need to be collecting the right data, and part of the challenge with supplier ratings is collecting comparable data.

Q41 Lloyd Russell-Moyle: But how does that drive the market? I don't know anyone who looks at that data when they are choosing a supplier.

Roni Marsh: Speaking as a normal person, rather than as an adviser, every time I listen to the radio I hear Octopus boasting. I think that makes a difference, and people have said that. When we say, "Have you considered switching?" they just say, "Oh, Octopus."

Q42 Lloyd Russell-Moyle: So it works if you are the best.

Roni Marsh: It works if you are the best. I would also like to ask for us to have priority access to some of the energy firms, not so that we can spend less time with people but so that we can see more people with the time we have with a priority support route.

Lloyd Russell-Moyle: That is a very good recommendation.

Vicky Ford: That brings me to my questions.

Chair: Take the floor. You have 10 minutes.

Q43 Vicky Ford: I will be asking the energy companies this first question when we hear from them later, and I want you guys to mull on and tell



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me what you think we should be asking them to do differently. Picking up on what you have all said so far, you have mentioned identifying those most at risk, targeting the money if we can, get info to them on the help available, debt repayment issues and phone waiting times. To go back to the 45,000 emergency fuel vouchers, I assume that that money came from Government via the money that went to local authorities. Is that correct? Who paid for those vouchers?

Gillian Cooper: For the fuel vouchers, that is through our partnership with the Fuel Bank Foundation, so Matt will be able to provide a breakdown of where they get their donations from.

Q44 **Vicky Ford:** Does it come from Government money?

Matthew Cole: Some comes from Government.

Q45 **Vicky Ford:** Okay. Do you need us to ensure that Government money continues to flow to organisations such as yours to provide to groups that would not otherwise be able to get it?

Gillian Cooper: That would be helpful. It certainly helped last winter in allowing us to provide support to people.

Q46 **Vicky Ford:** So it is about making sure that organisations—I would call you grassroots charities—have access so that they can give support to those who fall through.

Matthew Cole: The Fuel Bank last year spent about £10 million on providing emergency top-ups for people. We have grant funding from the Scottish Government and the Welsh Government, which allowed us to deliver a more robust service in Scotland and Wales, but there was no money from the UK Government, so we relied on corporate donations and public donations to fund our English service.

Q47 **Vicky Ford:** Were you not getting money from what was being given to county councils?

Matthew Cole: In dribs and drabs, but not a great deal, to be honest. It was largely corporate donations and £1 million of public donations.

Q48 **Vicky Ford:** But Gillian, you were getting money that came from some county councils.

Gillian Cooper: Some of our local citizens advice were able to provide additional emergency charity support to people through the household support fund. That is separate from the Fuel Bank Foundation.

Q49 **Vicky Ford:** Do you think that the household support fund should continue?

Gillian Cooper: I think the household support fund provided useful support. If I had a priority for this winter, it would be targeted support through the Energy Bill, such as an expanded and increased warm home discount.

Q50 **Vicky Ford:** Will we still need to have a safety net for those whom that



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may not work for?

Gillian Cooper: I think it's helpful. There were a lot of challenges with how the household support fund was distributed, because each local authority did something slightly different. It worked very well in some locations; it worked less well in others.

Q51 **Vicky Ford:** What do we need these energy companies to do? Some of them have made sky-rocketing, huge profits at a time when people have been facing horror. What do we need them to do differently, and how do we get that to happen?

Roni Marsh: I need a third-party support phonenumber so that I can talk to them when I have someone with me or someone on the telephone.

Vicky Ford: A hotline.

Roni Marsh: Yes.

Vicky Ford: We have that—don't tell anyone!.

Roni Marsh: But you don't want us to send them to you.

Vicky Ford: No.

Roni Marsh: We also need better grant systems. As you are aware, some of the companies offer grants for people who have got into debt.

Q52 **Vicky Ford:** Better?

Roni Marsh: Better. It needs to be more across the board. Can you force them to do it?

Q53 **Vicky Ford:** We can make a recommendation. Give me examples.

Roni Marsh: For example, British Gas's fund is open only to people on prepayment meters, so people who have bills with British Gas that they have got behind on do not have access to a grant fund. It is just pot luck: who your supplier is and what grant is available.

Q54 **Vicky Ford:** So it's a way of forcing people on to prepayment meters, because you can only access the grant—

Roni Marsh: Yes, you could look at it that way. It is very unfortunate, I feel, when someone ends up on a prepayment meter.

Adam Scorer: I have a few points, although I will preface this by saying that there is a limit to what those suppliers can do, and this crisis is of such a scale that Government need to step in and provide the financial support. They have to get better at debt management and proper levels of debt repayment. They have to get on the front foot in identifying vulnerabilities and how they can work with them.

Picking up on Roni's point about prepayment meters, for God's sake, let's get this Victorian ironmongery—these legacy prepayment meters—out of people's homes and get smart prepay in. Then companies could be more



responsive, more supportive and understand consumption patterns so that they can understand who is actually in jeopardy. It is obscene that we still have these archaic bits of ironmongery on people's walls and that we make people traipse down to the shops to charge them. That is an abomination in this energy market, and it makes it much worse for people who are in the worst situations and who are struggling. It makes it so much more difficult for energy companies that want to provide them with support.

Vicky Ford: Good point.

Matthew Cole: To Adam's point, those old-fashioned prepayment meters cause the issue with EBSS.

Q55 **Vicky Ford:** I was about to ask that. How did this whole prepayment thing happen?

Simon Francis: In terms of the wider scandal as well?

Vicky Ford: Why did this scandal happen, and why were we so slow?

Simon Francis: Let's also look at the fact that the Government had an opportunity last night to ban the forced transfer of households on to prepayment meters, and they failed to accept the amendment to the Energy Bill that would have done that. That now means that forced transfer on to prepayment meters is going to restart as soon as Ofgem and the energy firms say it is fine to do so. We are not convinced that the protections that Ofgem is proposing go far enough to help protect those customers who should not be on a prepayment meter—and certainly not on a traditional prepayment meter.

One thing the energy firms could do is continue to have the voluntary ban on prepayment meters until the Government actually ban forced transfer. Obviously, prepayment meters are fine if people opt into them, but as Roni says, is there a sort of soft pressure that is being applied by energy firms to move people on to those processes? The other thing is that, as you have mentioned, the supplier arms of these energy firms have done incredibly well, and some of that has been because of the decisions that Ofgem has made. For instance, the wholesale cost adjustment has added £41 to every person's bill this year. That was given to energy firms to compensate them for losses that they say they made during the run-up to the Ukraine war. Well, British Gas has not posted a loss on its retail arm in over five years, so why does it need compensation for losses that did not actually happen?

Then there is the covid true-up allowance, which was supposed to help energy firms to recover the costs of bad debt. But bad debt is covered by the standing charges. If you are on a standard credit tariff, about 6% of your bill is basically there to cover bad debt. So it seems that the energy firms are making a lot of money out of claiming for the same thing more than once.



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At the end of the day, the Government have paid that money, because the Government had the energy price guarantee, so they are paying for any energy cost over and above that guarantee. It is the taxpayer—the Chancellor—who has been paying for that and for those profits. I want them to look at how they use those profits and the profits that they are forecast to make over the next year—the Warm This Winter campaign estimates those at around £2 billion over the next 12 months—to help people most in need, especially, for example, those who are in debt. British Gas could probably have wiped out most energy debt for its customers and still made a profit.

Q56 Vicky Ford: There is a moral hazard if you tell people you are going to wipe out everybody's debt, isn't there? There is a whole moral hazard issue.

Simon Francis: That's why I think the help to repay scheme is a—

Q57 Vicky Ford: So you think that in some cases the system is allowing the energy companies to charge twice for the same issue, effectively?

Simon Francis: That is what it looks like on the surface. I would want to hear the answers from the energy firms and from Ofgem.

Q58 Vicky Ford: What else do you think that they should be doing?

Matthew Cole: Things change. As I have got older I have realised that what was okay for me three months ago isn't now. We talk about making sure that prepayment is safe and practical at the point you install a prepayment meter. It is really important to keep checking that things are okay. A £10 repayment plan per week may have been okay last year, but since then I might have lost my job, I might have had more kids—my situation might have changed. Always ensuring that it works for a household is really important—not just checking at the point of installation but continuing to reassure yourself as a supplier.

Q59 Vicky Ford: Is that why the smarter meters are needed?

Matthew Cole: They would help enable that, yes.

Gillian Cooper: Because it is instant data, as opposed to data that may be one month or many months old, it helps us understand what is going on in that household and whether or not they can still afford to pay for their energy.

Matthew Cole: And then to act on it.

Q60 Vicky Ford: And generally bring prices down—is that what you're saying?

Adam Scorer: We have got to be realistic. Given the scale of this challenge, yes, that would be great. I think suppliers could do work on the help to repay scheme. It would be much better if Government came in. But we have got to be honest. Despite the huge support that Government put in with the universal provision, the crisis is worse this winter than it was last winter because of all the things that we have described, and it is of such a scale, and households are in such peril, that Government need to



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find ways of providing financial support for people's bills as a priority this winter. Don't leave it to the last minute, learn the lessons of what went wrong as well as what went right with the energy bill support scheme and commit to it.

There is another thing that suppliers could do if Government allowed them. Maybe we will come on to this, and I will shut up if we are about to. For heaven's sake, Government promised to have a consultation on a social tariff, and a more enduring level of support. *[Interruption.]* I sense that we are about to come to that, so I will shut up.

Chair: Mark Garnier has a brief question he wants to ask.

Q61 **Mark Garnier:** Adam, you come with a very sensible idea, which is to put in a smart prepayment meter and get rid of the ironmongery. How many ironmongery prepayment meters are in existence, and do you have any idea how much it will cost?

Adam Scorer: I think Matt would have a better idea.

Matthew Cole: Let me come back to you with some proper figures, but anecdotally 85% of people we see still have a traditional, old fashioned, Victorian-style meter on the wall.

Q62 **Mark Garnier:** There are existing smart meters, presumably?

Adam Scorer: Oh yes. This is just speeding up and accelerating for the most vulnerable the thing that should be the gateway to lots of net zero, and to lots of great—

Q63 **Chair:** Basically, there is quite a link between the prepayment meters and the people you are seeing. It is almost a rotating door.

Matthew Cole: Yes, 99% of people we see are prepayment metered.

Q64 **Mark Jenkinson:** There was a nice segue into social tariffs, which I was going to ask about, but I want to stay on this subject for a second. Is it there as an option for people? In the same way that other people get harassed to fit smart meters, is it being offered by suppliers and just not being taken up?

Adam Scorer: If you are putting someone on a prepayment meter, you have to put a smart meter in.

Q65 **Mark Jenkinson:** If you have an existing credit meter but it is not smart, you are harassed until you give in and have a smart meter fitted. Is that not the case for existing prepayment customers?

Adam Scorer: I do not think it is the case that they have got sufficient focus. There are two things about a smart meter: the first is that it is a piece of technology that goes in and then works or doesn't; but it is the level of support and the tariff that you put around it that is important. It is probably not enough to say, "We'll just put a smart meter in and then the problems are solved," because of course that's not true.



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Q66 **Mark Jenkinson:** Surely, you should have data, like you said before—it gives you the consumption data to a half hour.

Adam Scorer: It is immeasurably better. I know that people have anxieties about smart meters, but they are an immeasurably better tool to support vulnerable households or households whose lives and circumstances will change.

Q67 **Mark Jenkinson:** Is that something that you sell when you are speaking to people?

Adam Scorer: If anyone asks us, I would say that they are so much better off having a smart meter than any other thing.

Q68 **Mark Jenkinson:** I want to talk about social tariffs, but I am conscious of time. I am going to go from left to right very quickly and ask if the introduction of a social tariff would be the answer to some or all of the problems for fuel-poor households. Just give a very brief yes or no answer, and then I will come back for more detail.

Matthew Cole: Yes, absolutely.

Gillian Cooper: Yes.

Simon Francis: Yes, and there are lots of different options that the Government could consider.

Roni Marsh: Yes.

Adam Scorer: Yes.

Q69 **Mark Jenkinson:** Okay. To go into some of the detail, then, where should subsidised rates be focused, Matthew? Should they be subsidised by Government, or should this be on suppliers?

Matthew Cole: On the level of support to really make a difference, if it were via suppliers, it would be added to energy bills, which would create another problem, so it needs to come through taxation. It needs to be focused on people who have a low income or a high level of energy consumption, either due to the thermal efficiency of the property or their energy consumption needs.

Q70 **Mark Jenkinson:** We are doing a lot on efficiency measures. On ECO4, I know we were late getting it out the door, but hundreds of millions of pounds have gone through companies. I do not feel that has been taken up sufficiently. There is probably a bit more we can do. Am I right in saying that?

Matthew Cole: Absolutely, but in fairness, when people are in crisis, it is really hard to have a conversation about ECO4 when they are panicking about whether they can keep the lights on tonight and how they can wash their kids' clothes. Yes, ECO4 might be the right solution, but what is that bridging solution that keeps people warm until the proper measure goes in? That is important.



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Q71 Mark Jenkinson: Some of these things can be fitted in a matter of weeks from application, such as solar panels. I have a number of constituents who are having measures fitted that will deliver benefits within eight to 12 weeks of application. I just don't feel like we are perhaps doing enough through the suppliers or Government to advertise. You guys are concentrating on the emergency on the day, but we need to be having those conversations about, "Let's fix this for next time you land in front of me."

Matthew Cole: We are probably all really lovely people. I guess what we are trying to do is to stop people coming back through our doors again. It is our desire as well to stop people coming to get help repeatedly.

Q72 Mark Jenkinson: Gillian, could you talk about Government subsidies and who they should be focused on?

Gillian Cooper: We think we need to introduce some form of social-tariff targeted price support. We did a big piece of work with the Social Market Foundation and Public First looking at this, collaborating with a whole range of organisations. We think it needs to be something that varies depending on the household income and the energy efficiency of their home. Some households on very low incomes that live in very energy-inefficient homes will need more money than a household that is on a low income but lives in a more efficient home, so it needs to vary based on household circumstances.

The challenge that we always come back to is the data matching question, which is why we need to be making progress on this—because we cannot unlock any of the benefits that this would deliver to people unless we have better data matching. We have a decent system for people who are on means-tested benefits, but we also know there is a number of low-income households who are not in receipt of benefits and do need support with their energy bills. The other advantage of data matching is that it opens up access to programmes like ECO4. You may well hear from suppliers that one of the challenges they have is finding people who are eligible and finding people who need that support. If you have a better system for data matching, channelling support to people becomes much easier.

Q73 Mark Jenkinson: I know in previous schemes we were spending a pound for every pound we could get out the door.

Gillian Cooper: Yes, the cost of searching for eligible people has been very high with previous schemes, and we need to crack that because we want the money to go as far as it can.

The other issue is that it needs to be taxpayer funded. If we want to deliver meaningful support to people, we cannot socialise it through energy bills, because the costs of that would be too significant for many other households, and it could push other households into fuel poverty. It needs to be taxpayer funded if we really want this to work and be a sustainable support system for people in the coming years.



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Simon Francis: Obviously, we support that sort of reform—the main options, as have been outlined, or an “energy for all” idea where you give everyone a basic amount of energy. But what we need to look at is these things will probably be more for the long term. That is why it was disappointing that the Government did not do their consultation on the social tariff—because we could have had this discussion with the Government.

What we also need to look at is what we do this winter. Under the energy price guarantee legislation that exists at the moment, the Government can alter the unit cost and the standing charge costs for any particular group of customers. They are already doing this with prepayment meter customers, to equalise the cost per unit that they are paying. What we could do is extend that into a social tariff almost by the back door to get that into people’s homes and on to people’s bills this winter by altering the energy price guarantee.

Civil servants made an admission to one of Adam’s colleagues earlier this week that this is possible. They can do it; they can target groups of people as long as they know who they are. That means that we are coming back to energy firms and looking at whether people are in debt to them, whether they are on the priority services register and whether they can be easily identified and then be in receipt of a social tariff.

Roni Marsh: Our frontline crisis navigators—people only come in when they are in crisis—refer people to local energy support firms and for fuel bank vouchers. We ask every single person, if they have high gas and electric, whether they also want someone to go into their house and look at reducing their costs. However, people are at the point of crisis when they reach us. That is the problem—we need to reach them before then.

Q74 **Mark Jenkinson:** Have you any thoughts about social tariff scope and who should fund it?

Roni Marsh: Whoever will be the most generous. We should add an extra question. When people sign up for the social tariff, they should be GDPR’d so that they can get their energy saving measures done.

Q75 **Mark Jenkinson:** The quid pro quo. Adam?

Adam Scorer: It is not a silver bullet, but it is essential. It is fundamental that the greatest regulatory protection should be afforded to those who are most vulnerable and in greatest jeopardy. That includes price protection. It needs to be funded by the Government. There are progressive ways of doing that. You can look at oil and gas levies and think about how to hypothecate some of that.

The scope needs to be broader—Gillian’s point—than simply means-tested benefits because there are people with health conditions and life circumstances in which you want to pull it around. The key thing—and I do not say this because I love Cabinet Office protocols on consultative processes—is it is difficult. The next panel will have ideas about what the scope should look like. It is difficult and contested.



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Q76 **Chair:** What percentage of energy sold are we talking about that could be covered by a social tariff?

Adam Scorer: You can be as generous or as tight as you want. That is the point.

Q77 **Chair:** What would cover the acute needs that you are dealing with at the moment?

Simon Francis: If you look at historical energy prices, current prices are double what they were in winter 2020-21. Can we bring them down to that level as a starting point?

Q78 **Chair:** If the energy companies are producing, say, 5GW that goes into people's houses in a city, what percentage of that needs to be social tariff priced? I am not saying that you have the answer, but we do not know this generally, and we should try to find out. Sorry, Mark, this is your area.

Adam Scorer: I do not think you can answer that. Simon's point about getting back to pre-crisis levels is well made. We were just about coping with those levels and finding ways forward for people.

Q79 **Mark Jenkinson:** The key question is who we provide support for. That is what we are trying to get at.

Adam Scorer: It is unusual. We have all got ideas about what the social tariff should look like, and so will the next panel, but unless you have a consultation process, the difficult trade-offs, the winners and losers, the progressive ways of paying—it is difficult; you have got to thrash them out and understand them.

Q80 **Mark Jenkinson:** If the Government said today that they would extend the warm home grant for winter and asked who they should extend it to, what would be your answer?

Adam Scorer: The limitations of the current warm home discount are about means-tested benefits. It was taken away from certain groups with disabilities and medical conditions. Get it back to them and understand other health circumstances that you may not get from data matching. You should also look at payment types as a good proxy for some of it. There are lots of groups that you want to include, but the hard truth, which I recognise, is that a line will be drawn and there will be winners and losers and grey areas. The Government need to conduct a methodical process to identify what should be an enduring part of the regulatory structure for the market and I just cannot understand why they seem to have resiled from that commitment to consult.

Q81 **Mark Jenkinson:** I am conscious of time and I want to move on. I was going to ask about standing charges, whether people understand them and where green levies should be. If you have anything you want to submit in writing to the Committee on that, that might be helpful.

Chair: Thank you, Mark. Vicky, you said you had a small question directed to one person. Do you still want to ask that?



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Q82 **Vicky Ford:** This is probably for Gillian, on behalf of the others. Should the energy companies put some funding into helping you resource more advisers?

Gillian Cooper: The issue of energy advice funding is probably a subject for a whole Select Committee of its own. I am very happy to send a submission on that.

Q83 **Vicky Ford:** You all obviously need more man/womanpower next winter.

Gillian Cooper: There is a need for more support in general for the advice community, whether or not that should come from energy suppliers.

Adam Scorer: They do provide support, through the warm home discount industry initiative element and through donations. The big thing is the architecture. The advice structure is under stress. It is a fundamental strategic element of the protection of vulnerable households. The Government should think about the mechanisms to ensure we have something that is fit for purpose and covers all needs.

Q84 **Vicky Ford:** You are going to need more advisers.

Gillian Cooper: And is future-proofed for the challenges that we will face.

Chair: A final point for this panel—you can write in to us. What percentage of customers might be on a social tariff at some point in the future? Last night we had an event in this room. Adam Scorer was here and he said—for wider Committee consumption—that there is no way to net zero unless it goes through the homes of the poor or the low paid. That is something we can bear in mind for another day.

Panel, I thank you all very much—Matthew, Gillian, Simon, Roni and Adam. I wish we had longer, but such are the constraints of life in Parliament that we don't. You have landed a lot of good points.

I will ask the energy suppliers to come up next. The previous panel is welcome to remain in the room and write in with any notes that they make.

Examination of Witnesses

Witnesses: Philippe Commaret, Rachel Fletcher, Chris Norbury, Chris O'Shea and Simon Oscroft.

Chair: Thank you for the swift turnaround there. Welcome to our energy suppliers. Again we have a big panel. Again, you might find this a bit fast and abrupt. Our apologies for that. Would you all introduce yourselves—name, rank and serial number—please?

Philippe Commaret: I am Philippe Commaret, managing director of EDF, customers.

Rachel Fletcher: I am Rachel Fletcher, regulation director for Octopus Energy.



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Chris Norbury: I am Chris Norbury, chief executive at E.ON UK.

Chris O'Shea: I am Chris O'Shea, chief executive for Centrica.

Simon Oscroft: I am Simon Oscroft, co-founder of So Energy.

Q85 **Chair:** Excellent. A number of MPs want to ask questions. On the last panel Simon Francis was asked about the voluntary ban on prepayment meters. Do you think energy companies should keep that voluntary ban? Yes or no? We will start with Philippe.

Philippe Commaret: No.

Rachel Fletcher: We need to install responsibly—smart prepay only.

Chris Norbury: I agree with Rachel. We need to focus on smart prepayment meters and install those responsibly.

Chris O'Shea: I think we have to balance the effort between allowing people to run up debt that they cannot repay and making sure we treat customers respectfully.

Simon Oscroft: With a consistent framework.

Chair: Prepayment meters could be coming back and the voluntary ban could be gone. I call Vicky Ford.

Q86 **Vicky Ford:** A lot of you heard the previous panel. It was horrifying: 4,700 deaths, dangerous coping mechanisms, people not washing their children's clothes, not using their ovens, risking their lives and so on. In the meantime a lot of you have been making an awful, awful lot of money—a ninefold profit increase. Chris, how do you sleep at night?

Chris O'Shea: Our profits in British Gas increased this year quite substantially. The vast majority of that is the recovery of past costs. There were some comments from the previous panel about companies claiming twice for costs, but that is simply not true. The cost of bad debt does not come from the standing charge. The vast majority comes through the unit rate. These were costs that were incurred not prior to the invasion of Ukraine but after it. We saw substantial costs coming through in the price cap—most customers were on the price cap last year. We saw substantial costs coming through and unfortunately Ofgem were unable to change the price cap to match the cost recovery with the cost. We saw material costs in 2022—

Q87 **Vicky Ford:** Stop! People are dying. People were being driven to kill themselves last winter because of the one-off crisis that happened for the first time that winter, due to Ukraine and other factors. We think it may happen again and become even worse, yet your company thinks it is okay that you have made record profits and you're keeping them—or am I wrong?

Chris O'Shea: First, I would say that we have committed to put in 10% of British Gas Energy's profits voluntarily, over and above what is required under licence conditions, to help customers. Again, during the previous



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panel a statement was made that that was only for people with prepayment meters. That is just incorrect. Of the £50 million that we put in last year, £10 million went to prepayment customers, £25 million went to any type of customer of British Gas, and £15 million went to small businesses, because small businesses are suffering as well. Last year the Government had the energy price guarantee in place, which limited the price cap to about £2,500. That is not materially different from where it is just now. That took out the effect of the invasion of Ukraine. What we are missing is that energy prices more than doubled from the long-run average prior to the invasion of Ukraine. They are now back down to the level before the invasion of Ukraine, but they are twice the long-run average, so energy is far less affordable for other people.

What we are facing right now in energy is part of a crisis, which is that there are a substantial number of people in the UK who cannot afford to live with dignity, whether it is because of rent, mortgage, food or energy costs. Energy companies are permitted to make a 2% margin. That is half the margin that supermarkets make. That is a lot less than other regulated businesses. We are part of a bigger issue.

Q88 Vicky Ford: The organisations on the previous panel made a number of recommendations of things that energy companies could be doing. Right now, it is 30°C, but in three months' time it will not be. Those recommendations included getting rid of old prepayment meters, identifying the most vulnerable customers, targeting the most difficult groups and having better debt repayment schedules that do not frighten people. Do you guys take that and say, "Yes, we've heard you—we're going to go back to our offices right now and think about how we deliver on each of those"—for example, with a hotline for vulnerable people to get through to your customer services?

Philippe Commaret: Thank you for your question, Vicky. I think we are already doing most of those things. In EDF, we are investing £200 million this year in order to help our vulnerable customers.

Q89 Vicky Ford: You are investing £200 million, and I think Mr O'Shea talked about £25 million plus £10 million.

Philippe Commaret: There are further things that we are doing beyond what was described by the previous panel. We are not only waiting for customers to call, but we are calling customers proactively. Last year we had a campaign where we proactively contacted more than 100,000 customers. The way to contact those customers is effectively to leverage the data that we collect through the prepayment—through the pay-as-you-go.

Q90 Vicky Ford: So you have heard what they said, and you think you are doing it. Rachel?

Rachel Fletcher: We are straining every sinew, including absorbing wholesale prices and making that business choice to keep our prices down for everyone, because fundamentally, that is the most direct way to



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support customers through a cost of living crisis. That is why, up until now, Octopus Energy has not posted a profit. It is a business choice.

We are working incredibly hard. We see double the number of customers coming to us needing double the amount of time because of, as has been eloquently explained, mental health crises and suicide threats. We are training our customer support teams to deal with that. We also have a huge package of financial support for those struggling to pay. We will continue to look for new ways to support those customers because it is a growing crisis, and we have heard a lot of really helpful ideas today that we will take away.

Q91 **Vicky Ford:** I have more questions, but Chris, briefly, do you accept what our previous panel said?

Chris Norbury: I think we are doing many of the things that the charities outlined this morning. In addition to that, we expect to spend about £80 million in the six months of this winter supporting the customers who need it most. That will be through four things. We will be providing a rebate on the energy bill—

Q92 **Vicky Ford:** You can put that in writing. Simon?

Simon Oscroft: We have increased our customer care contacts. We are doubling our debt prevention teams. We are working with charities more so than ever before—

Q93 **Vicky Ford:** Are you getting rid of the old prepayment meters—yes or no?

Simon Oscroft: The fundamental point is that it is an affordability issue that is bigger than any of those numbers, and that requires proper Government support in a way that is well in excess of any of the numbers we have spoken about before.

Chris O'Shea: On prepayment meters, this is something you can really help us with. Prepayment meters just now are unfortunately not mandated smart meters. We talk about smart prepayment, but it is a choice for customers and we cannot force a customer to take it. I completely agree with Adam that if we could get all the dumb prepayment meters out and have smart prepayment meters in, it would be great, but we cannot force customers.

Q94 **Vicky Ford:** Have you contacted all your customers to offer them one?

Chris O'Shea: Yes. We have a 50% take-up rate so far.

Chair: At this stage, let's move on, out of respect for other Members. Thank you very much for that. It was a very good contribution there.

Vicky Ford: Chair, I'm sorry; I'm not sure that I really got to the point of what you wanted me to get to, but the moral issue is vital.

Q95 **Lloyd Russell-Moyle:** I do not understand why you are not able to just pass on cheaper prices to customers and not make profits on the production of energy. Tell me in layman's terms why you cannot do that.



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Chris O'Shea: The licence condition. Condition 19B of our licence prohibits us from subsidising energy retail with energy production profits. We are not allowed to do it.

Q96 **Lloyd Russell-Moyle:** When I asked Ofgem, their response was that they didn't understand why you could not do that. Someone is either not understanding the rules or not telling me the truth.

Chris O'Shea: It is part of the licence condition that we have, but it is also a general thing—

Q97 **Lloyd Russell-Moyle:** So if you were to take your profits from the production side of the business, reduce your bills and directly subsidise, the Government would come and shut you down. What would be the punishment?

Chris O'Shea: Two things: first, it would be a breach of licence conditions; the punishment for that is down to Ofgem. Secondly, it would be anti-competitive. But the bigger issue is—

Q98 **Lloyd Russell-Moyle:** Is the problem that we have vertical segregation in the market? Would it be better to have a proper, integrated system where the producers sell directly to the customers and then you can give us the discount that you should be giving? Let's get rid of these middlemen—half of them went bust anyway—and just buy directly from the producers.

Chris O'Shea: There are different models in the market and there are different models that you can have in the market. We are an integrated energy company. We produce a lot of the gas and electricity that we sell, but not all of it, so we also have to import. We have a contract. We import the largest amount of gas from Norway. We spend about £70 billion over five years bringing that in.

I do not think any company has more production than it has retail, but that is a fundamental change in the market. However, we also have to recognise that there is a question about the level of profits that should be made, but there cannot be a question about whether profits should be made, because if we simply say that all profits in producing gas and electricity should be used to subsidise customers, there will be no investment in that and we will never get to net zero.

Q99 **Lloyd Russell-Moyle:** You said you were allowed 2% profits. Was that on the retail?

Chris O'Shea: That's on the retail—2%, yes.

Q100 **Lloyd Russell-Moyle:** What percentage profits did you make on the production business?

Chris O'Shea: Seventy-five per cent of our profits in those businesses goes to Government in the form of taxation following the changes. *[Interruption.]* It is simply a fact.

Q101 **Barry Gardiner:** Chair, if I may? That is only since they have introduced



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the windfall tax. Before that, it was the lowest in the world at 38%. Come on, just be a bit more open.

Chair: Hold on. Is that is that a data fact that you recognise?

Chris O'Shea: North sea was 40%. The electricity production was at 25%.

Q102 **Lloyd Russell-Moyle:** Okay, but before tax what profit are you making?

Chris O'Shea: We made a profit last year before tax of £750 million in our nuclear production.

Lloyd Russell-Moyle: In percentage terms for production.

Chris O'Shea: I would need to write to the Committee. I do not have that number.

Q103 **Lloyd Russell-Moyle:** In an ideal world, I don't want the Government doing a windfall tax. I want you passing on the savings to the consumer. I still don't understand. If we go back to Government and get reassurances that you will not be punished for cross-subsidisation, would you do it?

Chris O'Shea: That's a difficult question because probably that would force companies to divest themselves of their production assets. You have companies that only produce and they would have a different profit level from companies that were expected to subsidise retail from production—

Q104 **Lloyd Russell-Moyle:** You would voluntarily choose to spin off some of your companies so that you would not have to do that. You would not want to offer consumers a cheaper price.

Chris O'Shea: I think that's a misrepresentation. What I am saying is that you would create an incentive for companies to do that, and I'm not sure about that. There are always unintended consequences of very quick solutions.

Q105 **Lloyd Russell-Moyle:** Is there not an incentive for companies that have production then to sell cheap energy to people? They would then dominate the market and we would get rid of the middlemen from the market. Wouldn't that be great?

Chris O'Shea: History shows us that companies that dominate a market are not received favourably. I think we have to have proper competition. The question is: how do you get the right competition and how do you get the right level of bills? The reality here is that energy is part of the cost of living crisis. There was talk of a social tariff, which we might come on to, but this is not simply an issue that the companies here can solve. It goes beyond that, and resolving it requires co-operation between non-government organisations, the Government and energy retailers.

Q106 **Lloyd Russell-Moyle:** It requires co-operation, but you need to play your part. What I am struggling to work out is what your part is and what haircuts you are taking. When there were crises in other parts of the



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world—the debt crisis in Greece and others—everyone took a haircut. How are you worse off than before this crisis? I do not want you to be better off; I do not want you to be marginally less better off than you would have been if there had not been a windfall tax. How are you worse off now. The consumers on the ground, in their day-to-day lives, are worse off now than before the crisis, but you are better off than before the crisis. How is that fair?

Chair: You have been profiting because of the crisis.

Lloyd Russell-Moyle: Mr Norbury?

Chris Norbury: E.ON does not generate energy in the UK for sale on wholesale market. We are a supply and customer solutions business only. For the whole of the UK business, our profit margin is 3.7%. To your point, we have lost money in our residential customer business for four out of the last five years, including last year. As I mentioned earlier, this year we have returned to profitability, and this year we will be spending around £80 million in the six months of this winter supporting those customers who need it most. We will be delivering targeted support to low-income families by way of a rebate on the energy bill and debt forgiveness for the customers who are in debt to us. With part of that £80 million, we will be making additional funds available for distribution through some of the charity partners we spoke about earlier. Those funds will be for distribution through charity partners for customers we cannot reach. That is what we will be doing this winter.

Q107 **Lloyd Russell-Moyle:** I might ask more of these questions later. You have outlined some nice things you are going to do, and so have Simon and Philippe, but they are all different. It is all a patchwork. If I am a customer in crisis coming to an advice centre, there are about 101 different schemes. Why don't you co-ordinate yourselves and have one decent scheme for everyone to be able to apply for? What is wrong with doing that?

Rachel Fletcher: For us at Octopus, it is really important that we can help our customers directly as soon as they come to us, without passing them to a central scheme. We do not even pass them around our own organisation, which goes to a point that was made earlier. I think it is really important that we are not making life harder for customers by creating new schemes. The point that we all have the opportunity to absorb costs and keep prices down for customers is one that is really well made, and we in Octopus are committed to doing that—pricing below the price cap for all our loyal customers, making the choice to take negative or lower margins even than those allowed by Ofgem. I think that is important to restore trust in this market, as well as having pots of money available to help those in severe debt.

Chair: I am sorry, but time is short. If we have more time, I will come back to this area. Mark Garnier?

Q108 **Mark Garnier:** I want to approach this from a slightly different angle. Four of you are private companies. Chris, yours is publicly listed, and



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Philippe's is a state-owned enterprise. Chris, I will use you as an example as you have a share price that reflects what is going on. You have increased your profit by 900%. If you are an investor, that is good news. Your share price has gone from 65p to 156p today. What has happened to your price-earnings ratio?

Chris O'Shea: Our profits have increased by 50% in the first half. We are a group, and the number you quote is for British Gas Energy. Our share price has increased substantially, as you say, but it is not simply because of the difference in the energy market—

Q109 **Mark Garnier:** I will tell you where I am going with this. At the end of the day, there are a number of issues. There are a lot of other people involved in this whole process. One of them is a shareholder. You are a public-listed company, or a big company, and your shareholders could be pensioners. In an awful lot of cases—probably every case—it is your customers at one level or another. There are an awful lot of people who are doing this. You will also have a requirement to invest into your distribution networks or plant and machinery—all that kind of stuff.

What I am trying to get to is, although it looks like you are storming in huge profits, I am concerned that your cost of capital is going up because your price-earnings ratio—you can tell I was an investment banker for 17 years! But your cost of capital is going up because there seems to be a whole load of different things going on that are causing problems.

First, as you have seen in the last 20 minutes, you are ferociously unpopular; everybody hates the energy companies. Secondly, you are paying 75% tax. There could be a change in Government next year; there could be an 80% tax, an 85% tax, or a 90% tax, because there is a perception, obviously, that you should be hurting at the very least—Barry, I'm sure you would agree.

The important point is that your investors—as I say, some of you are owned by private equity and some are part of other groups—are now having uncertain returns on their amount of money. What I want to know is, what is all of this really ugly argument going on doing to your ability to raise capital, because investors need, more than anything else, a certain amount of certainty about what is happening in the future.

We all want to look after our constituents, but how much more expensive is it—what are you paying on your bond rates, your interest rates on the bank overdraft and what has happened to the price-earnings ratio at which you can raise capital in the equity market?

Chris O'Shea: I would need to come back on the price-earnings ratio. Our interest costs have gone up, but the reality is that there has been political risk around energy companies in the UK for a number of years. For example, our credit-rating discussions with rating agencies specifically mentioned the political risk of being in the UK energy-retail market because of the interventions—the price cap, and so on. Now, having had three windfall taxes in the past year, that further damages investor confidence, because what investors value more than anything is certainty and stability. It is less about the rate of tax that you pay; it is more about



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the stability, and if you think that the Government will continually intervene, then your investors will push you to invest your money elsewhere. So the cost of capital absolutely has gone up.

We are, however, committed to the UK, which is why we are constantly trying to make sure that we have a stable regulatory framework and, as we look at the current system, we are looking to take a whole-system approach; we do not simply look at the one part of a system that is causing some issues at the moment.

Q110 **Mark Garnier:** Philippe, I am going to exclude you from this question because you are a nationalised company, but for any of the others—

Philippe Commaret: We still have some issues in terms of financing projects—

Q111 **Mark Garnier:** I appreciate that, but you have a Government shareholder as opposed to a private shareholder, so it is slightly more tricky for those others. Is anybody finding it easier to raise money?

Simon Oscroft: I can speak for So Energy's experience. We have been impacted disproportionately by the crisis in a negative way because of the structure of the price cap itself, and that is—

Mark Garnier: Not just the crisis; it is the political discourse as well.

Simon Oscroft: Absolutely, but that is causing the challenge in raising the investment that we would need, either to potentially fund ourselves through the crisis and/or invest going forward, and that investment would go into better service for customers and into net-zero products to help our customers on the journey to net zero over the long term. The political risk is actually fundamental to all of that long-term vision, which we need for an energy transition. We cannot be taking one-year looks the whole time; everything needs to be done with the medium and long term on the horizon.

Q112 **Mark Garnier:** Chris, you look like you want to come in.

Chris Norbury: The group is listed in Germany, but we have invested over £670 million in the UK energy system in the past five years. That point about uncertainty and a lack of policy certainty does impact us. The one area that I would call out is a lack of policy certainty and a lack of ambition in terms of the investment in energy efficiency in the UK. I call that out because it is investment in energy efficiency that will bring bills down permanently, will create thousands of good jobs and will decarbonise. At the moment, we do not have policy certainty and we do not have enough ambition in the funding levels. If we have that, that gives us the opportunity to invest alongside Government.

Mark Garnier: Could you send in a submission on that? That would be really helpful.

Chris Norbury: Yes, absolutely.



Q113 **Mark Garnier:** Rachel, did you want to come in?

Rachel Fletcher: The wholesale market instability over the past 18 months or so really has increased retail risk. I think we are out of that period. We are incredibly successful in attracting capital into Octopus Energy Group. The thing that concerns us, actually, is that we now have to tie up much more of that capital into our retail business than before because of new regulations. That is getting us to the point where we need to make profits in retail, whereas before, as I said, we have been in a position where we can absorb costs and not pass them on to customers. We need to find a better balance between ensuring that retailers are financially resilient, which is important of course, and ensuring that that is not leading to higher prices for customers and less flexibility for retailers in passing on and absorbing costs.

Mark Garnier: I finish on one point, which is just to remind ourselves that if any of you go bust, the people who are losing out could be old-age pensioners, people using savings schemes and all that kind of stuff. So shareholders in either your parent companies or you directly are ordinary people on the street.

Q114 **Barry Gardiner:** I want to focus on customer service. Before I do, I want to pick up on the tax issues referred to by my colleague, Mr Garnier, and Mr O'Shea. Before the windfall tax, I think you agree that the tax on oil and gas producers in the UK was the lowest in the world at 38% basic. I am glad you said that continuity and certainty is the important thing, because the average globally is 74%. That is before the windfall tax. If we could even move to the average taxation on oil and gas producers in the world, we would be doing very well. If you were comfortable with that sort of certainty, I would be very pleased.

We need very quick answers because we are short of time. To each of you, in minutes and seconds, how long do you think it is acceptable to wait before speaking to an adviser in your company?

Philippe Commaret: Since the beginning of this year we have been at 2.7 minutes. I think that below three minutes is acceptable.

Barry Gardiner: So three minutes is acceptable.

Rachel Fletcher: We are around about 200 seconds. It is also really important that the person on the end of the phone can properly answer the customer's query.

Barry Gardiner: It is. Absolutely. Okay, three minutes and 20 seconds.

Chris Norbury: Our average speed of answer over the last three months is currently three minutes. We believe that is an acceptable time for somebody to wait.

Barry Gardiner: Any advance on three minutes? Chris?

Chris O'Shea: Ours is higher, but I believe—



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Barry Gardiner: Higher by how much?

Chris O'Shea: We are just over three minutes, but I believe zero is an acceptable time. I want the phone answered on the second ring, but we are not there at the moment.

Simon Oscroft: I believe ours is under three minutes—about two this year—but three is broadly acceptable. You also need to look at other channels, which is what some of the previous panellists mentioned. It is not just phone, but email and social media.

Chair: You do know that there will be media members checking this this morning, of course. This is going to be a live story tomorrow.

Q115 **Barry Gardiner:** Mr Norbury, you will be aware that when E.ON was fined £5 million for the severe weaknesses in your customer service, your wait on hold was running at 18 minutes. Why was that?

Chris Norbury: At the end of last year, we got it wrong. We did not anticipate the volume of calls coming into our contact centres or the duration of those calls. We got that wrong. Since then, we have recruited over 1,000 frontline staff into both our contact centre operations and our field operations dealing with customers. This winter, we will spend an additional £5 million recruiting further advisers whose speciality will be dealing with vulnerable customers to help them this winter.

Q116 **Barry Gardiner:** Another quickfire: Ofgem has proposed six key points, although there were more, in terms of reforms to your standard service. One of those was keeping phonelines open for longer during evenings and weekends. Have you acted on that, yes or no, and if so, how much longer are your phonelines now open during evenings and weekends?

Philippe Commaret: We are not offering a 24/7 service.

Q117 **Barry Gardiner:** That was not my question. That was a different point that was made by Ofgem. My question relates to extending hours during evenings and weekends, as you were asked to do by Ofgem.

Philippe Commaret: We are compliant with what Ofgem is asking right now.

Q118 **Barry Gardiner:** Ofgem has asked you to increase, so what I asked you is how you have increased. How have you extended your hours?

Philippe Commaret: We haven't. We are already—

Rachel Fletcher: These are ideas that are under consultation at the moment. We constantly keep our opening hours under review.

Barry Gardiner: So you haven't yet.

Chris Norbury: I will have to come back to you with the specific detail on the extension. We keep them under review. We have DigiOps teams available out of hours.



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Barry Gardiner: So you haven't yet.

Chris O'Shea: We are just about to go into annual negotiations with our trade union. We are heavily unionised; we need our trade union's approval. It is on the list of things to discuss.

Simon Oscroft: They are under consultation, but I would highlight that those suppliers that have not offered support out of hours have sometimes performed better than others, so opening hours are not necessarily the only thing that dictates good customer service.

Chair: Are Ofgem toothless? This was an Ofgem request.

Q119 **Barry Gardiner:** These are the series of proposed reforms that Ofgem has requested.

Let's move to another one—the 24/7 emergency support for customers who are cut off from their power supply during supply issues. It is only in that case. Have you introduced that?

Philippe Commaret: Yes.

Rachel Fletcher: No, that is under consultation as well.

Chris Norbury: Yes.

Chris O'Shea: Yes.

Simon Oscroft: No, it is under consultation.

Q120 **Barry Gardiner:** Okay. The next is expanded and more effective support for customers who are struggling with their bills. How have you expanded that support in line with what Ofgem has asked you to do?

Philippe Commaret: We have invested 28,000 hours in training all our people, we have a specialised team dedicated to helping them, and we have introduced different schemes—as an example, to top up the meters of prepayment customers. We also have Fresh Start to write off the bills of some of our customers. We have increased by 25% the number of instalment plans since the beginning of this year.

Q121 **Barry Gardiner:** Could you put that in writing to the Committee Clerk, so we have a tabulation of it?

Philippe Commaret: Definitely.

Q122 **Barry Gardiner:** Rachel?

Rachel Fletcher: Yes—we are already compliant.

Q123 **Barry Gardiner:** It is not about compliance; it is about expanding support and enabling more effective support for customers.

Rachel Fletcher: We have already addressed that.

Q124 **Barry Gardiner:** You have done that.



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Rachel Fletcher: Yes.

Q125 **Barry Gardiner:** Again, could you give us the details? Chris?

Chris Norbury: I think I have already addressed it.

Barry Gardiner: You have indeed.

Chris O'Shea: We have hired an additional 800 agents in the past 12 months and will hire another 800 in the coming 12 months. We are giving them all mental health training. We have increased the financial support we give to customers, and the outbound calls when we see customers through a process we call OSCAR, "off supply—customer at risk". We monitor smart meter data, which is why I feel so passionately that if we can mandate smart meter installation we can give customers far better service.

Simon Oscroft: I think I answered earlier, but I am happy to follow up.

Q126 **Barry Gardiner:** If all of you could supply exact details of how you have done what Ofgem asked you to do, that would be very helpful.

Finally, how are you making information available on your customer service performance to inform customer choice, which was, again, one of the things that Ofgem asked you to do? I will go backwards this time and start with Simon.

Simon Oscroft: At this stage it is under consultation and we have not made any changes.

Q127 **Barry Gardiner:** So you are not publicising your customer service standards.

Simon Oscroft: Citizens Advice do publish them, and that is the general—

Q128 **Barry Gardiner:** But you are not making them available in the way that Ofgem has asked. Chris?

Chris O'Shea: We work with third parties. I will need to write to the Committee to let you know if we do it ourselves, but we work with third parties like Citizens Advice and other charities.

Chris Norbury: I will respond to the Committee in writing.

Rachel Fletcher: We are very proud of our customer service performance, and indeed we are attracting about half a million customers so far this year just on the back of that performance. We think it is really important, actually, that—

Q129 **Barry Gardiner:** I think we have all heard the adverts, Rachel, about six years in a row. I congratulate you on it—I am not knocking it—but it is about making the information on that performance available, not just saying it is best in class. Are you doing that? How are you expanding that information and making it available?



Rachel Fletcher: We are very happy to do that and are very supportive of these reputational measures. We would caution against an overly prescriptive approach from Ofgem. We are concerned that while there is bad performance that needs to be improved, there is a risk that over-prescription leads to a levelling down. We have a net promoter score in the energy sector that is 39 basis points higher than the average. The risk is that over-prescription stymies everything that has led to that.

Q130 **Barry Gardiner:** I agree with you that it should not become a tick-box exercise. That is a good point, taken. Philippe?

Philippe Commaret: It has been mentioned that Octopus was No. 1 on the Citizens Advice league table for the last quarter of last year. It has not been mentioned that EDF was No. 1 for the first three quarters of the year. We are very proud of that, so we are advertising it everywhere we can, but probably we are not good enough in advertising.

Q131 **Barry Gardiner:** Okay. It is not about advertising; it is about making service standards more available.

Philippe Commaret: We publish it everywhere.

Q132 **Barry Gardiner:** Indeed. Are you increasing support for customers with digital exclusion who do not have internet access, and how are you doing that?

Philippe Commaret: I don't know. I will need to come back to that question.

Rachel Fletcher: Yes, by phone, and they can come into the office as well.

Chris Norbury: I will need to come back to you on that.

Chris O'Shea: We use a lot of text messages, yes.

Q133 **Barry Gardiner:** Ofgem has asked you to do that. Those are the six things that it asked you to do. It was pretty blindingly obvious that we would ask you for that today, and yet much of it you have not been able to provide. That is not good prep, guys—it really is not.

Finally, how long does it take you to train a customer service agent?

Philippe Commaret: At the moment, we are changing the platform from the SAP to the Kraken system. We used to have six weeks' training with SAP, but now it is much faster—in fact, my staff have been trained in a week.

Rachel Fletcher: It never stops. We are constantly training and upgrading the training that our people have, because the needs of customers keep changing and the issues are getting bigger. Also, the technology that we are providing to help those customer service people to support our customers is evolving.

Q134 **Barry Gardiner:** But basic training to the moment before someone gets



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in front of a customer would be for how long?

Rachel Fletcher: Several weeks, but I will have to get back to you on the detail.

Chris Norbury: Basic training for us is eight to 12 weeks. We have three tiers of customer service. A customer service agent enables energy specialists, who earn more money as they deepen their skills in serving customers, so that training is continual.

Chris O'Shea: They have six weeks on what we call grounding before they start in customer service, and then they have continual training.

Simon Oscroft: Six weeks is standard for customer care. The crisis has changed things, as we need more support for the vulnerable and for those customers in debt, which takes a lot longer. It is a different type of expertise that we are having to acquire.

Q135 **Chair:** Following on from Barry, I notice that Ofgem asks you to do things. How seriously do your companies take that? Ofgem asked you to expand your opening hours, but no one has done it. What do you think of Ofgem? Toothless?

Simon Oscroft: This year, we have seen Ofgem take more proactive action on customer standards with energy suppliers than before, with a compliance—

Q136 **Chair:** If you do not do those things that Ofgem wants you to do, such as expanding hours, what can Ofgem do to you?

Simon Oscroft: It can follow the enforcement process. Ultimately, it ends up in fines and potentially worse.

Q137 **Chair:** You think that if you do not expand your hours, Ofgem will fine you. When did it ask you to expand your hours?

Simon Oscroft: That framework is under consultation. Once that framework goes into the licence conditions, Ofgem will be scoring against it, and if suppliers are failing against the standards that Ofgem has set, that is when the enforcement and compliance action would take place.

Q138 **Chair:** Ofgem has been a bit slow in making sure that that happens. Where is the responsibility for the expansion of hours not happening?

Simon Oscroft: That is the regulatory framework that Ofgem looks after. Besides that, call waiting times and broad customer standards are catered for under the licence conditions as they stand. Where those are not being upheld, Ofgem has the responsibility to enforce against suppliers.

Q139 **Chair:** Thank you. I notice, Mr O'Shea, that you said that it was not the tax rate, but tax stability that was important. Presumably, you could live with the 74% global average that Mr Gardiner was talking about, as opposed to the 38%—an easy ticket you have from the UK Government.

Chris O'Shea: Mr Gardiner was being slightly mischievous. The UK North Sea basin is very mature. A number of Government interventions have



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chased investment away, and today we now produce one quarter of the oil that we did in 1999, at the peak.

Q140 **Chair:** If the tax rate went up and stayed stable, you would be happy enough.

Chris O'Shea: If you take a country that is awash with oil and gas, it can almost set its own tax rate, because people want to be there. The UK needs to compete for investment. We have had so many changes, I think, that—

Q141 **Barry Gardiner:** Development in the North Sea basin is now subsidised by the public 91p in the pound. You know that as well as I do.

Chris O'Shea: I am not here to debate oil and gas. I think it is important that we get the facts right. There is obviously a tax deduction, so the higher the tax rate that the Government impose, the higher the tax deduction—that is the way in which a tax system would work. My point is another one about the UK. My early career was as a tax adviser in oil and gas, so I have done a lot of this across the globe and I did a lot of it in the UK. The UK basin—we might all regret this—simply does not have the attractiveness of other oil and gas basins. If we have a very high tax rate, we are unlikely to attract the investment that we need—

Q142 **Barry Gardiner:** We have the lowest tax rate in the world and the highest subsidy. At one point, as you will know, a 130% tax deductible was put in place by the now Prime Minister when he was Chancellor. That would have meant that if we had exploited the Cambo oil field, it would not have been Shell and Siccar that forked out to pay for it: it would have been the British taxpayer paying 100% of the development costs and giving them a 30% bonus on top. I do not think that that is in line with what you were talking about.

Chris O'Shea: Again, I do not know about the Cambo oil field, but the Norwegian tax rate deduction for capital investment is 93%. I am happy to have a separate debate with you offline about it, but I think that it is important that we have the right facts.

Chair: Maybe you can have a separate offline debate, publicly. That would be useful.

Q143 **Lloyd Russell-Moyle:** Do you think that it is acceptable just to meet the standards? Simon, you have mentioned a few times—the answer you were giving earlier was interesting—that Ofgem is setting the standards. It is in consultation. When those standards are met, of course you will all meet it. Is the aim to just meet the bar that Ofgem sets, or is there an aim to innovate and be better?

Simon Oscroft: So Energy started in 2015. I think we topped the Citizens Advice rankings, above any other supplier. We are not No. 1 today, but that is certainly our aspiration. Part of the problem is that you need to look at incentives in the market itself. We are meant to be a market, but the market is not functioning right now; the price cap is the de facto price. Suppliers have little incentive, perhaps, to compete, because customers



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are not switching. If they were able to choose with their feet, maybe suppliers would have a stronger incentive to improve their standards and use that as a selling point. Right now, we have a price cap framework that is pretty much setting the price for the whole sector. Customers are not moving, and the market is not working as it should.

Q144 **Lloyd Russell-Moyle:** So it is all the market's fault, and none of your fault. How many warm home discounts did you provide last year?

Simon Oscroft: I believe it was just above 20,000, but that is—

Q145 **Lloyd Russell-Moyle:** What percentage of your customers is that?

Simon Oscroft: The way the warm home discount is calculated depends on our customers' link to the DWP database. We provide an uplift depending on whether that is disproportionately less or more, depending on the supplier. We as a supplier have disproportionately fewer eligible customers, but we make that up with a top-up payment in April in the year afterwards. Every supplier essentially pays the same amount on a percentage basis across the whole industry.

Lloyd Russell-Moyle: But what is the percentage of your customers who get the warm home discount?

Simon Oscroft: It is probably about 5%, 6% or 7%, or in that region.

Q146 **Lloyd Russell-Moyle:** Chris, how many warm home discounts did you provide over the last year?

Chris O'Shea: 630,000: £94.6 million.

Q147 **Lloyd Russell-Moyle:** That is £140 for eligible customers. Do you think that that would even touch the sides?

Chris O'Shea: For those customers who are most in need, I think it is insufficient. I feel very strongly that help should be targeted at those customers who need it most; it should not be blanket help, whether it is the warm home discount, the energy price guarantee or the energy bill support scheme. Whatever it is, those who need the most help should get the most help.

Q148 **Lloyd Russell-Moyle:** The warm home discount is focused on people who need it. It is a means-tested process. You are saying that you think that it should be higher.

Chris O'Shea: My point is that if you have other help that you are giving to everybody, that is money that you could otherwise put into things like the warm home discount. I think that support—

Q149 **Lloyd Russell-Moyle:** Did you put money into other schemes?

Chris O'Shea: Yes, we put £100 million in: £50 million last year and another £50 million this year. We will put in more in the second half of the year. That is voluntary, over and above any licence requirements.

Q150 **Lloyd Russell-Moyle:** If I were a customer of yours getting the warm



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home discount, what else would I get?

Chris O'Shea: It depends on your level of need.

Lloyd Russell-Moyle: If I am in need.

Chris O'Shea: The average payment that we made to customers in need was about £1,000. There was debt relief, and we put credit on. We have given £7.4 million to prepayment customers putting automatic credit on; I think on average they have had £100. But it depends on the level of need, the level of debt and the help that we need. Where we have had customers who have had debt through prepayment meters, we tend to have a five-year repayment, so they tend to pay back at about £5 a month. What we try to do is to really help our customers.

Chris Norbury: We have already written to Government with proposals on a social tariff, which could be developed on the basis of the warm home discount. The total amount of funding could be—

Q151 **Lloyd Russell-Moyle:** Would you be in favour of a social tariff?

Chris Norbury: Absolutely. We would be absolutely in favour of a social tariff. There is only so much that we can do ourselves, albeit the things that I mentioned earlier.

Q152 **Lloyd Russell-Moyle:** There is a proposal—a kind of energy-for-all proposal—that you give customers a fixed amount almost for free and then charge a much higher amount after that. Would you be in favour of those kinds of proposal, as well?

Chris Norbury: We would be in favour of targeted support for those people who need it most through a social tariff. We have written to Government explaining how we see that could work, based on the warm home discount, increasing the funding from £150 per customer to £300 per customer and increasing eligibility from 3 million households to 8 million households.

Q153 **Lloyd Russell-Moyle:** What has been the response from Government?

Chris Norbury: They have promised consultation—you heard that earlier.

Q154 **Lloyd Russell-Moyle:** And why can't you do that now yourselves?

Chris Norbury: I described earlier what we will be doing this winter ourselves—

Lloyd Russell-Moyle: But you know the people who are on the warm home discount, because that data is shared, so why can't you do what you are suggesting now?

Chris Norbury: I have described what we will be doing this winter, which is that for very low-income families we will be offering a rebate on the energy bill. For low-income families who have medical care at home, we will be offering a rebate on the energy bill. The rebate for those is 25%. Where customers already have energy debt with us, who fit into those



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categories, we will be bringing their account back to zero and we will be offering a 50% rebate on the energy bill. That is for the six months of this winter. That is what we can do for our customers.

Q155 Lloyd Russell-Moyle: Are you saying to me that you have implemented a social tariff through the back door?

Chris Norbury: We will be implementing something that goes towards a social tariff, yes, but we are limited in what we can do on our own. It would be far better and far more beneficial for people across society if that intervention were made by Government.

Lloyd Russell-Moyle: Rachel?

Rachel Fletcher: We need both. Energy suppliers need to continue doing what they are doing and to do more of it. We provide standing charge holidays, for example, for our customers in need, as well as the credits and so on.

Q156 Lloyd Russell-Moyle: On standing charges, is that an Ofgem-required charge?

Rachel Fletcher: The standing charge is, but it is up to the supplier. It is a cap—a ceiling—not a target, we would say. All of our customers actually have lower standing charges than the cap. But then, of course, we can also provide customers—

Q157 Lloyd Russell-Moyle: But a supplier could decide to get rid of the standing charge, offer zero standing charge, and put it all on the—

Rachel Fletcher: They would not be able to do that under the Ofgem rules—

Q158 Lloyd Russell-Moyle: Why would they not be able to do that if it is a maximum, rather than a minimum?

Rachel Fletcher: Because there is also a cap on the unit rate, so I think there would be a challenge with doing that unilaterally.

Q159 Lloyd Russell-Moyle: You could do that, but you'd lose out a lot of money?

Rachel Fletcher: It would probably be more than we could afford, but it is the kind of thing that we would love to explore with Ofgem as an idea. But we desperately need Government support. The warm home discount goes to too few customers and is too small. That is the bottom line.

Q160 Lloyd Russell-Moyle: You could increase it. Are you doing the same as Chris?

Rachel Fletcher: We are doing very similar things to what has been said already, in terms of writing off debt, standing charge holidays and so on.

Q161 Lloyd Russell-Moyle: What would be useful is if you could all write outlining it from a customer's point of view. I am not interested in whether you have spent x billion pounds—all that is irrelevant. From the



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point of view of a poor customer—someone who needs support—what do they get individually in their account?

I know I am meant to hand over the Chair, but you have all heard on the previous panel about the advice centres and how people say that they would like a dedicated phone line to them. Is that something that you will agree to go away and set up? You have given dedicated phone lines to us as MPs almost entirely. Could you open those phone lines up to them?

Chris O'Shea: We do some of that at the moment, but the thing we have to be careful of—we have discussed it with some of the organisations here today—is that if that dedicated phone line results in a quicker result for customers, what we will do is to increase the pressure on the charities.

Q162 **Lloyd Russell-Moyle:** More people coming into my office and, I am sure, more people in need going to those advice centres is in the end a positive thing, because they can look at them holistically. But if they want it, will you agree to do it?

Philippe Commaret: We have already a line that is dedicated to Citizens Advice Plymouth.

Rachel Fletcher: We are in the same position.

Q163 **Lloyd Russell-Moyle:** You have already. Chris?

Chris Norbury: We will work with the charities—

Q164 **Lloyd Russell-Moyle:** You will work with them. And Chris, you will work with them?

Chris O'Shea: We already have, yes.

Simon Oscroft: Yes. It needs to be consistent and such that it does not make the problems worse.

Lloyd Russell-Moyle: So two have it and three, hopefully, will get there. Thank you.

Chair: We will go back to the charities in a few months and say that that is happening. Alexander Stafford, you have been very patient—thank you.

Q165 **Alexander Stafford:** As I know we are pushed a bit for time, I would like to refer now to non-domestic customers and small businesses. My opening question is what you are all doing to make it easier for small businesses to survive—I will not say thrive, but survive—when, according to the FSB, 96% of all SMEs are reporting concerns about the costs of energy, with 68% of accommodation and hospitality businesses reporting that they are extremely worried about the costs of energy and 45% of retail. What are you doing to allay those fears?

Chris O'Shea: We put £15 million of our support fund specifically for small businesses. We also offered something called blend and extend. Small businesses that fixed their prices at the peak of the market were really struggling. We offered those fixed prices because we were



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encouraged to—because there were no fixed-price deals on the market late last year. We did not think it was the right thing; we were asked to provide them, and we did provide them. There are companies now that are struggling with that. When we sell a fixed-price contract, we buy that gas and electricity on the market, so we have bought at that higher price. What we allow them to do is extend, by one or two years, and actually blend this higher price in, so they get a lower price right now but pay slightly more in years two and three, to allow them to manage their cash flow better.

Simon Oscroft: We do not actually supply to business customers, so it is probably best to use the time to ask others.

Rachel Fletcher: We never sell through brokers, and we actually see brokers as being one of the things that racks up costs for businesses. They are often pocketing higher prices that the business does not need to pay in the first place. We are also doing blend and extend, which British Gas talked about, and making sure that we are in a position to provide bespoke support for our business customers that are struggling to pay.

Philippe Commaret: At EDF we are reaching out to 150,000 customers who signed in 2022, and we have offered to reopen 15,000 contracts. We are in discussion with brokers, as Rachel has mentioned, in order to reopen another 15,000 contracts, but we need approval from the brokers. That is a negotiation that is going on.

Chris Norbury: We also offer a virtually identical blend and extend tariff to that which has already been mentioned.

Q166 **Alexander Stafford:** My understanding is that Octopus is the only company here that uses time-of-use tariffs for businesses. Is that something that the rest of you will be thinking about to help businesses?

Chris O'Shea: We also have time-of-use tariffs.

Q167 **Alexander Stafford:** Okay. When it comes to minimising credit risk for businesses, what other support are you offering?

Chris O'Shea: It is difficult. I am not sure that we as a supplier can minimise credit risk for customers. What we do is monitor quite closely to see that our customers are paying for what they are using. If they are not, we try to engage with them early. We find that with any debt management, whether it is for residential or business customers, early engagement is really important, which is why we try to proactively contact them, because when people start to get in debt they tend to clam up. So we invest a lot of time and money in trying to make sure that we do not let things get out of hand.

Rachel Fletcher: Early engagement, and also making sure that what they owe is very clear to them in the communications that we send.

Philippe Commaret: Among the other things that we can do is, obviously, offering an instalment plan, as we do for our residential



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customers, but also rolling out smart meters is part of the solution that we are offering.

Q168 Alexander Stafford: To go back quickly to what you said, Chris, about the blend and extend tariffs, Nationwide has put some evidence forward that those are 11% more expensive for those businesses. Is that a form of profiteering for you? You look like you are helping, but actually you are making more money in the long term.

Chris O'Shea: Our small businesses supply business has grown quite substantially this year, so I think we must be doing something right. We want to give the customers what they want. If we offer a fixed-price contract today, we will buy that gas and electricity on the market, whether you want six months, a year, two years or three years—you probably cannot buy much further forward than three years—and we will reflect what the market price is at that point. We will reflect what competitors are doing as well. It is not a form of profiteering.

Think about a blend and extend contract: to simplify it, it costs us £100 today and £50 tomorrow, and we offer the company that we think is in financial distress to pay £75 today, not £100, and £75 tomorrow. We, rather than the company, are taking on more credit risk, because if that company is in distress, as some of the companies that take blend and extend tend to be, we take a risk that we might take a loss in year 1 that we otherwise would not take, in the hope that we will make a profit in year 2. So there is an increase in credit risk, but it is not profiteering; it is a service for customers.

Q169 Alexander Stafford: I appreciate that you are taking a wider risk yourself, but if a company is already struggling a bit, you are basically putting another 11% on their charges in the medium term. You are not actually doing them much of a favour, are you? You are saving them for a few months or a year, but, in the medium term, are you really helping?

Chris O'Shea: I do not recognise your 11%. That is my point: we offer the price that we see in the market today. I do not recognise that number.

Chair: Thank you, and thanks for following the time.

Q170 Mark Garnier: Rachel, perhaps I could address this to you. The purpose of my question is to see what more the Government can do to try to stop passing on shocks. Last winter, there was a lot of criticism that energy prices rise like a rocket and fall like a feather. Is there anything the Government can do to stop these price shocks being passed straight through you guys and on to the consumer?

Rachel Fletcher: The price cap that is in place actually helped to slow down those price shocks getting passed on to customers. That is one of the many reasons we were in support of the continued use of price protection for all customers, to make sure that all customers get fair prices.

Q171 Mark Garnier: To be fair, there is a criticism about the price cap now being a price target.



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Rachel Fletcher: Yes. That is not how we treat it, and I think we will perhaps see more companies coming in and thinking about how they price under the price cap, but I think the price cap certainly smoothed those price shocks for customers. Ultimately, the best solution is to move faster to get off gas and coal and move faster to have a decarbonised energy system where we are not subject to price shocks from international energy markets. We would really like to see, coming out of the lessons of the last few years, a redoubling of efforts to speed up connections for renewables, make more use of consumer demand-side flex and really move a lot faster than we have been doing to get to net zero.

Q172 **Mark Garnier:** In a funny sort of way, you are absolutely right: the price shock is driven by the fact that we do not have secure oil and gas supplies. You are absolutely right that we need to find alternative ways of doing that. But in the interim, you have just created a very good argument for why we should open Rosebank and Cambo.

Rachel Fletcher: With respect, that is perhaps a subject for another Select Committee hearing, but there is a question whether if we had had more of our own gas reserves we would still have been subject to international price pressures. I think we would have.

Mark Garnier: I appreciate that. You are right that it is a global price, so you are going to be paying—*[Interruption.]* Chris, you are looking like you want to come in. Actually, there are two Chrises, sorry.

Chris Norbury: For us, there are two things that the Government can do. We have touched on one: targeted support by means of a social tariff to help people this winter. The second is a significantly scaled-up investment in energy efficiency. If I go back to pre-2012, at times we were insulating 2 million homes in the UK per year. That has completely fallen off a cliff since then. It is through investment in energy efficiency that we will cut bills permanently and we will decarbonise. That is something that Government can start now, and that is something that means we will not be sitting here this time next year having the same conversation about an energy crisis.

Chris O'Shea: We have three asks. First, we are vastly under-gunned on gas storage. We need far more gas storage, so I would ask the Government to seriously consider that.

Q173 **Mark Garnier:** But there are interconnectors with European gas storage based in the European Union, aren't there?

Chris O'Shea: There are, but we have 12 days' gas storage in the UK. In France they have 120, in the Netherlands they have 109 and in Germany they have 90. We operate the UK's largest gas storage facility, so we have a dog in this fight, but we commissioned a report that said that energy bills would have been £2.4 billion lower over the previous winter had we had Rough operating at just under its full capacity. That would have been £88 for every single house in the UK. That is the first ask.



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The second ask is for Ofgem to move faster and further on financial resilience. We saw 30 energy companies go bust. That cost consumers over £2.5 billion. The poorest in society are paying £88 a year. That is why their standing charges have gone up. The capital adequacy requirements brought in by Ofgem are not high enough and they do not come quickly enough. The companies are far too undercapitalised.

The third ask is a transparent retail market. Abolish the standing charge and have one single electricity price and one single gas price for the entire UK. Get rid of regional variations and get rid of the standing charge, because it hits the poorest hardest.

Mark Garnier: Fantastic. Thank you very much indeed.

Q174 **Chair:** It occurs to me that if we do have more renewables or whatever, but prices are still denominated in gas, it is not going to change very much. If there were a farmers market and everything were denominated or sold at the price of the most expensive lamb or calf, the farmers would be universally happy, despite the various quality and actual price that people would be getting.

My final point is to EDF. You have probably got a foot in both camps. I presume you are from France; the company is French. Are you seeing the same? We are preparing for winter here, in this inquiry. We talked earlier about 4,706 excess deaths, which is a 47% increase on the previous year—I should correct what I said to the first panel. Are you seeing this dysfunctionality—this hammering of people who can ill afford things—happening in France as it is happening in the UK?

Philippe Commaret: Very early, France introduced a social tariff, which enables us to target help at the customers that are struggling most. It has also introduced a register that is shared across all utilities and is Government-led in order to identify different abilities and to avoid interventions at the homes of customers who are vulnerable. I would hugely recommend that such a register be built because it would be useful not only for ourselves, but for all utilities.

Also, in France, the Government have hugely granted money in order to reduce the bills of customers. As you are very well aware, bill levels have not risen at the same pace as the UK. The prices have been kept to a 4% increase last year, at a cost to the taxpayer. They have increased during the summer by 15%. I am speaking just about electricity, which is what EDF is generating.

Lastly, smart meters in France have been made mandatory. They have been rolled out in nearly all houses without any form of issue. It provides a bit of grip on customers' consumption. I think it is a very useful tool. We saw ourselves that the customers who are using their smart meters are making savings, so I really urge you to look at that and to question the way the roll-out of smart meters is done in the UK.

Q175 **Chair:** From what you have said, it sounds less dysfunctional for poorer customers in France than in the UK. Is that roughly correct?



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Philippe Commaret: I won't comment on that!

Chair: I don't want to put you in too much of a spot.

Can I thank the first and second panel very much for coming today and for answering questions? Thank you to Philippe, Rachel, Chris, Chris—Chris O'Shea, this time—and Simon Oscroft. It is much appreciated.