

The Rt Hon Frank Field MP DL



HOUSE OF COMMONS

LONDON SW1A 0AA

Rt Hon David Cameron MP
Prime Minister
10 Downing Street
London
SW1A 2AA

08 January 2014

Dear David

I am writing to you regarding your promise in October 2012 to force energy companies to put customers on the cheapest available tariff. I saw this as the most significant of moves which could, in respect to fuel, abolish the additional costs poorer households face.

Since then the vehicle for enshrining this commitment into law has been passed. However, this legislation merely 'allows' the Government to move customers on poor value "dead" tariffs to the cheapest standard variable rate tariff for them. Might I ask please how many households the Government expects will actually benefit from this provision, and how many of these are fuel poor?

I am concerned that, even after your pledge, and the subsequent legislation, companies are still not automatically putting people on the cheapest available tariffs. As lower income households pay an ever greater proportion of their incomes on household essentials than wealthier households, I wanted to ask please whether you might consider hosting a summit with the UK's energy companies to get answers on why they cannot, or will not, automatically put people on the cheapest available tariffs, and to push for some concrete solutions on this issue. The companies have information on past use and could easily develop the software to inform customers on what in the coming year would be the cheapest tariff in that company.

I honestly believe that to follow through on this promise would amount to a most significant breakthrough in protecting the poor.

I would be very pleased to meet with your officials to discuss this further.

With best wishes and I look forward to hearing from you.

www.frankfield.co.uk



10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

10 March 2014

Dear Frank,

Thank you for your letter of 8 January. I am sorry for the delay in replying.

As I am sure you are aware, the Energy Act 2013 gives statutory backing to Ofgem's Retail Market Review reforms, a radical set of measures designed to make the energy market simpler, clearer and fairer for consumers. Taken as a package, this will ensure that consumers are on the cheapest tariff in line with their preferences. This is being implemented in stages, and you will have already seen suppliers reduce the number of tariffs they offer to four per fuel type and simplify and standardise their tariff structures so that it is easier for consumers to compare tariffs. From April 2014 a range of reforms are also coming into force to give consumers much clearer information. For example, suppliers will have to tell consumers regularly in writing which of their tariffs is cheapest for them on bills, annual statements and other communications.

All customers on existing, expensive "dead tariffs" (evergreen tariffs that are no longer available to new consumers) must be transferred onto the cheapest evergreen tariff with the supplier by June 2014. This means that a supplier will only be able to keep consumers on "dead tariffs" if they are cheaper than, or as cheap as, the supplier's lowest evergreen tariff.

This is part of a package of measures and will mean that customers will be on the cheapest tariff that is in line with their preferences. Ofgem's reforms also seek to encourage suppliers to shop around across the market for even better deals. This should result in a fairer and more transparent market, enabling consumers to compare tariffs more easily and accurately, and further incentivise suppliers to compete for their custom.

As part of our bid to reduce energy bills for consumers, we have also delivered a £50 average reduction in energy bills by driving down the cost of the green levies on consumer bills. We have done this at the same time as we continue to provide help for the most vulnerable with their energy bills including the Winter Fuel Payment, which is worth up to £300, and the Warm Home Discount which takes £135 off energy bills for two million households.

Thank you, once again, for writing on this important issue.

Yours,
David

The Right Honourable Frank Field DL MP



HOUSE OF COMMONS
LONDON SW1A 0AA

From: Rt Hon Frank Field MP

The Rt Hon David Cameron MP
The Prime Minister
10 Downing Street
London
SW1A 2AA

13 March 2014

Dear David

Thank you for replying to my letter dated 08 January 2014 regarding energy tariffs.

Whilst I acknowledge the Government's attempts to reform the energy market, I remain concerned that many people will be left paying over the odds for their fuel, which they can ill afford to do.

I note that the Government is telling energy companies they must transfer all customers on expensive 'dead tariffs', which are no longer available to new customers, onto their cheapest evergreen tariff by June 2014. If the energy companies have the technology in place to transfer this group of customers onto the cheapest tariff, might I ask please why you are not obliging them to place all their customers automatically onto the cheapest tariff?

With best wishes and I look forward to hearing from you.

Frank Field



Department
of Energy &
Climate Change

The Rt Hon Frank Field MP
House of Commons
London
SW1A 0AA

The Rt Hon Edward Davey MP
Secretary of State

Department of Energy & Climate Change
3 Whitehall Place
London
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www.gov.uk/decc

Our ref: MC2014/05191/BL

21 March 2014

Dear Frank,

Thank you for your letter dated 13 March to David Cameron, regarding energy tariffs. I have been asked to reply as this matter falls within my Department's responsibilities.

Helping consumers with their energy bills is a priority for us. We know rising energy prices are hitting many households hard at a difficult time and need to ensure we are doing all we can to help get bills down. We are working to make bills easier to understand, simplify tariffs and increase competition in the energy market to help keep prices down.

In February last year the Government amended the Energy Bill to deliver the Prime Minister's commitment to require suppliers to put consumers on the cheapest tariffs. The new clauses build on Ofgem's Retail Market Review proposals and give the Government the power to:

- require suppliers to move consumers on poor value dead tariffs to the cheapest open standard variable rate tariff that is in line with their current payment method;
- cap the number of tariffs suppliers may offer;
- require suppliers to provide personalised estimates on bills of the savings consumers can make by moving the cheapest tariff their supplier offers; and
- introduce a tariff comparison metric.

The Government wants all customers to have been placed on the cheapest price available from their supplier for the tariff type of their choice by summer 2014 at the latest. These new measures will also make it easier for consumers to shop around for the best market-wide deal.

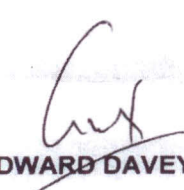
We are also taking practical steps to help people with their bills this winter and beyond:

- We are making sure the most vulnerable households get direct financial help from their supplier. The Warm Home Discount has helped around 2 million households in 2013, including well over a million of the poorest pensioners who will receive £135 off their electricity bill.
- We are helping people to use less energy by providing new ways to pay for and install energy saving home improvements through the Green Deal and Energy Company Obligation. The Government has recently announced new measures that will boost energy efficiency even further by introducing new schemes for home-movers, landlords and public sector buildings, worth £540 million over three years.
- We have launched the Big Energy Saving Network of voluntary organisations and community groups which will help the most vulnerable get the best energy deal for them and access to available help.

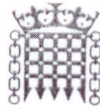
It is advisable that anyone who is experiencing difficulties paying their energy bills contacts the Home Heat Helpline. The Helpline provides consumers with free help and advice on how to save on their energy bills and how to keep warm. You can contact the helpline on 0800 33 66 99.

Year round help is also available from the Energy Saving Advice Service (ESAS), a phone service set up by the Government, on 0300 123 1234. ESAS provides advice on how to reduce bills and make homes more energy efficient. Details can also be found at www.direct.gov.uk/energyhelp.

Yours,


EDWARD DAVEY

The Rt Hon Frank Field MP



HOUSE OF COMMONS
LONDON SW1A 0AA

The Rt Hon Edward Davey MP
Secretary of State for Energy and Climate Change
Department for Energy and Climate Change
3 Whitehall Place
London
SW1A 2AW

16 April 2014

Mr Ed

Thank you for replying to my letter to the Prime Minister dated 13 March 2014, regarding energy tariffs.

I remain concerned that the powers contained in the amendments to the Energy Bill, whilst a welcome development, might still leave people paying over the odds for their fuel, which they can ill afford to do.

The Government's powers do not oblige energy companies automatically to place all customers on the cheapest tariff. They rely on consumers having to make difficult decisions based on often confusing tariffs. Many consumers, particularly those in low-income households, may find themselves in a position whereby they do not have the time or the resources to make such decisions about their tariffs.

The energy companies must surely have the appropriate technology in place if they are to meet the Government's obligation to move consumers on poor value dead tariffs to the cheapest open standard variable rate tariff.

Might I therefore ask please whether you would consider obliging energy companies to use this technology to automatically place all customers on the cheapest tariff?

Frank Field

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Our ref: MC2014/06841/DMH

Dear Frank,

27 May 2014

Thank you for your further letter dated 16 April, about the need to simplify energy tariffs.

It is important that consumers are able to easily compare energy tariffs so that they have the confidence to shop around for the best deals.

Under previous arrangements, energy suppliers were able to offer a range of discounts and reward schemes, as well as complex multi-tier tariffs which varied the standing charge or unit rate for different levels of consumption.

That is why the Government backed through legislation Ofgem's Retail Market Review reforms to make the energy market simpler, clearer and fairer for consumers. As part of the reforms, suppliers have been required to remove two-tier tariffs in order to offer more transparency for consumers. Since 31 December 2013, all tariffs have to be presented in the form of a standing charge (which may have a value of zero) and unit rate. This will allow consumers to see exactly how much their supplier charges and make it easier to compare the prices offered by other suppliers.

In addition, from 31 March suppliers have been required to give all their customers personalised information on bills about the cheapest tariff that is available to them and the amount they can save by moving to this tariff.

These new rules require all information suppliers send to consumers to be simplified, standardised, more engaging and personalised to them.

Suppliers must use a new Tariff Comparison Rate (TCR) in all their communications to provide "at a glance" information to help customers compare tariffs.

Suppliers must also provide a standardised 'personal projection' of the cost of a tariff over a year to ensure consistent comparisons. This will be provided on customers' bills for their current tariff. Suppliers must also provide this information to prospective customers who are considering switching to them.

yours,



EDWARD DAVEY

The Rt Hon Frank Field MP DL



HOUSE OF COMMONS

LONDON SW1A 0AA

The Rt Hon David Cameron MP
Prime Minister
10 Downing Street
London
SW1A 2AA

28 May 2014

Mr David

I am writing to you regarding energy tariffs and reductions to household bills.

Following the reply I received from the Secretary of State for Energy and Climate Change to my most recent letter to you, I remain concerned that the powers contained in the amendments to the Energy Bill, whilst a welcome development, might still leave people paying over the odds for their fuel, which they can ill afford to do.

The Government's powers do not oblige energy companies automatically to place all customers on the cheapest available tariff. They rely on consumers having to make difficult decisions based on often confusing tariffs. Many consumers, particularly those in low-income households, may find themselves in a position whereby they do not have the time or the resources to make such decisions about their tariffs.

The energy companies must surely have the appropriate technology in place if they are to meet the Government's obligation to move consumers on poor value dead tariffs to the cheapest open standard variable rate tariff.

Might I therefore ask please whether you would consider obliging energy companies to use this technology to automatically place all customers on the cheapest tariff?

You may be aware also that four of the six major energy suppliers have failed to pass on the £50 saving to individual customers from the reduction in green levies announced last year. E.ON, EDF, npower and Scottish Power have offered their customers a reduction of just £12.

Given that this was one of the components of the child poverty strategy aimed at improving poorer families' living standards, might I ask please what steps you are taking to ensure the full reduction is passed on to customers?

Best wishes and I look forward to hearing from you,

Frank Field

www.frankfield.co.uk