

Appendix 1

1 April 2013 auction - a review of outcomes following the auction

1. The first phase of this evaluation consisted of a comprehensive survey to all those people who registered to take part in the Big London Energy Switch auction which took place in April 2013. This involved an online questionnaire, a sample telephone survey for those who did not register an email address, follow up in depth phone call discussions and four focus group sessions. The outcomes of this research is summarised in our first report, published October 2013, and focussed on the marketing activity around the switch, people's views of the switch, as well as satisfaction with the process and the outcomes of the auction. A number of recommendations for future switching schemes were also identified.
2. Following this survey there was interest in revisiting this group to review what happened to participants following the auction. This section reviews the results of a second online survey with this group. Two surveys were created for those that participated in the 9 April Big London Energy Switch auction, one survey for those people who switched following the auction and one for those that did not switch.
 - From those that switched we had 305 responses from 847 registrants (35 per cent)
 - From those that did not switch we had 1,169 responses from 8,444 registrants (13 per cent)
3. For those who switched through the auction the focus of the survey was on satisfaction with their new supplier and tariff and whether they think that overall they will be better off financially following their switch. For those that did not switch there was a focus on whether or not they have switched independently and what gave them the impetus to do this. Across both groups we also review what actions participants have taken following the switch to reduce their energy consumption and whether they feel there is a role for local authorities in schemes such as the Big London Energy Switch.
4. The second survey took place in November 2013 eight months after the April auction. By this time we expected that participants who had switched would have received at least one bill and be in a position to comment on their experience switching through the scheme. For those who did not switch we anticipated that many would have considered alternative routes to switching or joined one of the subsequent Big London Energy Switch auctions.

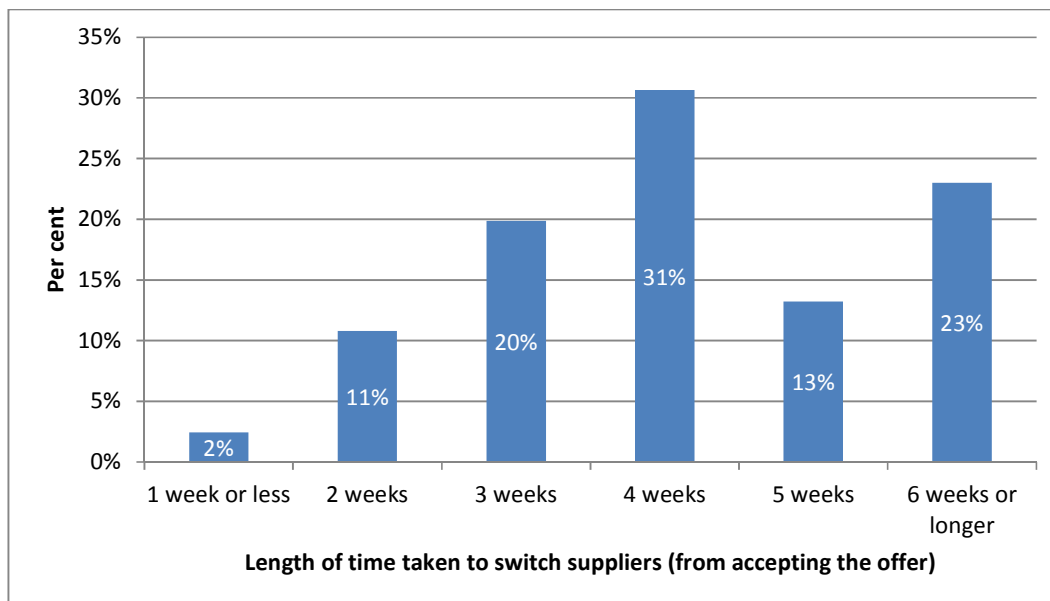
1.1 Those who switched

5. We asked those who had switched through the Big London Energy Switch April auction what their thoughts were on their new suppliers, to gauge how happy these participants were with their decision to switch suppliers. We found that the majority (66 per cent) of people are happy with their new supplier. The reasons given from those that were not happy with their new supplier included:
 - Dissatisfaction with information on bill credit

- Dissatisfaction with communications
 - Increase in direct debit amount (based on suppliers assumptions) and refusal to reduce
 - Problems with the process of switching
 - Increase in energy costs
6. In addition to satisfaction with their new supplier we also wanted to assess customer satisfaction with their new tariff. Overall we found that fewer people are very happy with their new tariff and the majority of people (73 per cent) have scored their new tariff with a 3 or 4 rating, on a scale of 1 to 5 where 1 is not happy at all and 5 is very happy.
7. Reasons for dissatisfaction with the new tariff include:
- Would have preferred longer length of contract
 - Increase in unit cost
 - Higher standing charges
 - Not clear how bill credit works
 - Reasons for satisfaction with the new tariff included:
 - Reduction in energy costs
 - Happy that prices are fixed and haven't been affected by recent price rises
 - Still appears to be the best tariff even after shopping around
8. One element of switching energy suppliers that is currently seen as a barrier and preventing consumers from switching is the length of time it takes to carry out the switch. Ed Davey made it clear, in a recent statement to Parliament, that he would be working with suppliers to reduce the switching period¹ and reduce this barrier.
9. From the responses of those that switched as part of the April auction (Chart 1), we can see that for the majority (67 per cent) the switch took four weeks or longer. However, there is currently a general expectation that it will take around five weeks to switch suppliers and the majority of our participants (77 per cent) have experienced this level of service from their new suppliers.

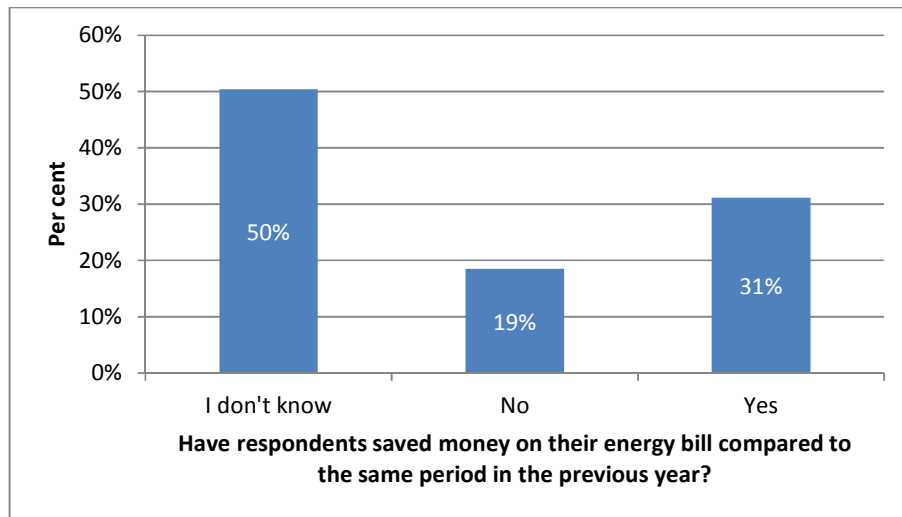
¹ Ed Davey Statement to Parliament, <https://www.gov.uk/government/speeches/annual-energy-statement-2013>

Chart 1: Length of time taken to switch suppliers (after accepting offer)



10. The most common problems experienced during the switch included:
 - Meter reading errors
 - Problems with final bill from previous supplier
 - Electricity or gas not moved at the same time
 - Correspondence/communications not received
 - Previous supplier continuing to bill or not reimbursing credit on previous account
11. One of the concerns around the auctions is that people will not make the savings that were anticipated ahead of their switch. The savings calculations are based on energy data supplied by the customer so there is a risk that inaccuracies in this data may lead to an over or under estimation of the potential savings.
12. 86 per cent of those who switched through the auction have received a bill since they have switched suppliers and we asked these people to indicate whether they had saved money on their energy bill compared to the previous year. Chart 2 shows how people responded to this question and that half were unsure whether they had saved money or not. This could be a reflection of the confusion over the bill credit (applicable to most participants) which was raised in our first report or could highlight that people are unsure how to make this type of comparison. Chart 3 shows the reasons given by those who felt that they have saved money.

Chart 2: Have participants saved money on their bill compared to last year?



13. Participants were asked to estimate how much money they thought they would save over the course of the year through switching suppliers. Chart 4 shows the estimates we received. We can see that a large number of people (38 per cent) don't know which tallies with responses to our first survey, which suggested people were not confident in the predicted savings they would make and were unsure if they would be better off financially.
14. The average predicted saving used by iChoosr following the April auction was £122. However, the highest response rate to this question (17%) suggests that most people will save between £50 and £99 potentially less than half the average predicted savings. However, five per cent of people did indicate that they thought they would make savings of over £200 over the year.

Chart 3: Reasons given for bill saving after the switch

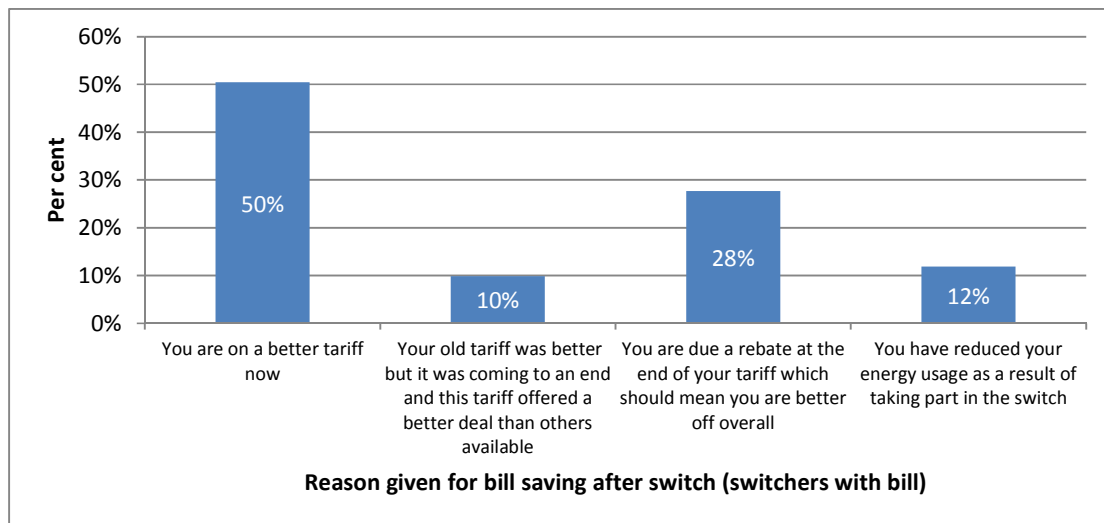
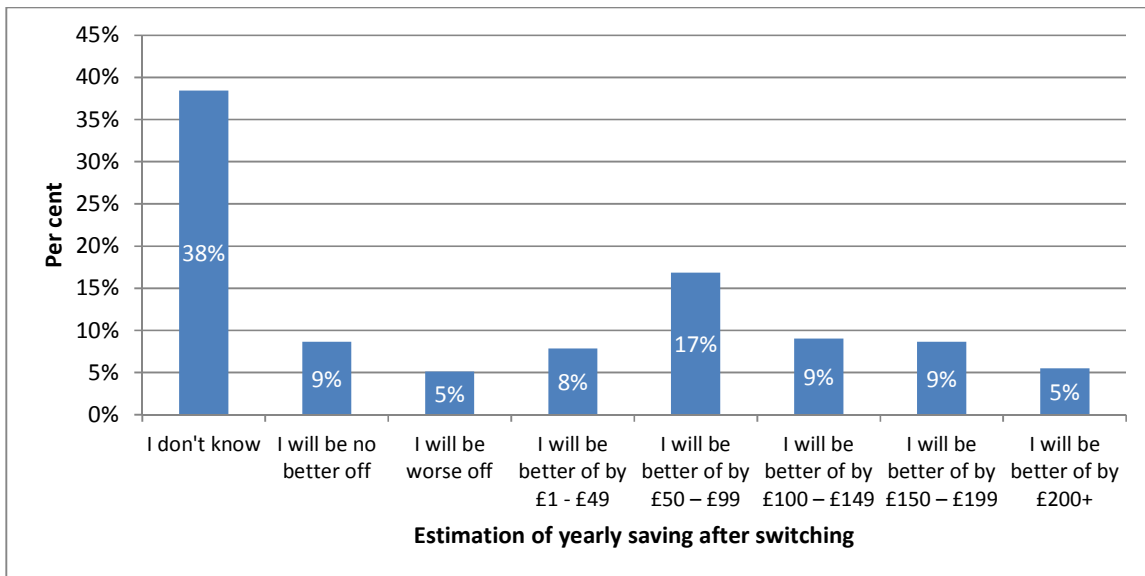


Chart 4: Estimate of yearly saving following the switch



1.2 Non switchers

15. The survey was also used to understand what influence the scheme had on those that didn't switch through the April auction, particularly if it had led them to switch independently. We found that 20 per cent of people have switched their supplier since taking part in the April auction. Some of these independently of the Big London Energy Switch auctions and some through the June auction (21 people).
16. Overall 255 (22 per cent) of those surveyed have taken part in at least one of the Big London Energy Switch auctions that have happened since April indicating that they are still positive about collective switching and willing to test this mechanism a second time.
17. In total 230 respondents indicated that they had switched suppliers since taking part in the April auction and we know that 21 switched suppliers through the June auction. This would indicate that 209 respondents switched through another means. In order to assess the wider impact of the April auction we wanted to find out to what extent taking part in the auction influenced these people to switch independently. Chart 5 shows the responses to this question and we can see that 49 per cent of people "agree" or "strongly agree" that the scheme gave them the confidence/impetus to switch independently. However, the response rate to this question was fairly low (35) and this should be taken into account when considering the wider impact of the switch.
18. We asked those who switched independently whether they felt that they would be better off financially after switching and how much money they thought they would save over the course of the year. 71 per cent of those who switched feel that they will be better off overall following their switch and 60 per cent say that this is because they are on a better tariff. This greater level of certainty follows through to the confidence in the amounts they will save through switching. Only 23 per cent of respondents say that they don't know how much they will save compared to 38 per cent of those who switched through the BLES auction (Chart 6). This could be a reflection of

greater involvement and research around the switch giving this group greater confidence in the savings they will make.

Chart 5: Did taking part in the scheme give participants the confidence/ impetus to switch independently?

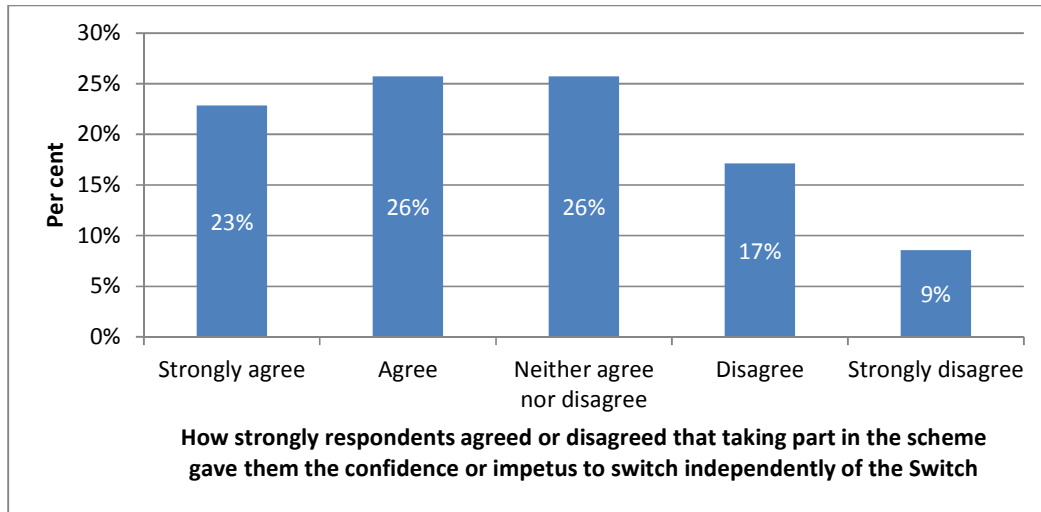
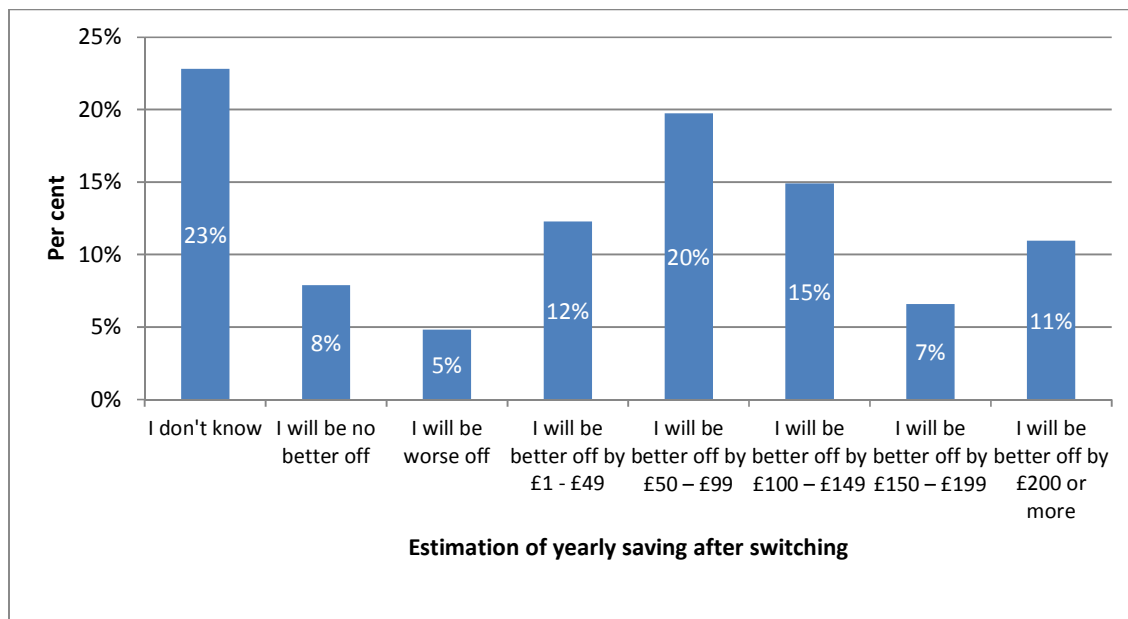


Chart 6: Yearly bill savings after switching suppliers



19. For those that have not switched independently since the April auction the majority have not done so because the tariff they are already on is better than others available on the market (77 per cent). However 22 per cent (115) stayed with their current supplier after receiving a better offer, with 3 per cent (16) managing to actively negotiate a better deal after receiving their Big London Energy Switch offer.

1.3 Switching again in the future

20. As part of the survey we wanted to find out how the auction has influenced the potential switching behaviour of participants in the future. We asked both groups how likely they were to participate in a collective switch again in the future and whether they would switch independently (Chart 7 and Chart 8).
21. Perhaps unsurprisingly those who switched through the April collective switch were much more likely to consider switching again through this mechanism. Over half (53 per cent) of those who switched through the April switch would consider themselves “very likely” to switch through this mechanism again compared to 31 per cent of those who did not switch through the auction.
22. Overall the numbers of people who would consider themselves “likely” or “very likely” are very similar between the two groups, 87 per cent for switchers and 84 per cent for non switchers. This suggests that overall people are positive about switching their energy through collective switching schemes and using these to get a better deal.
23. When we look at whether people would be willing to switch independently in the future we can see that those who switched suppliers through the auction are less likely to switch independently than those who didn’t. 39 per cent of those who switched through the April auction suggested that it was “not very likely” they would switch independently in future compared to 23 per cent of those who did not switch. Equally 74 per cent of those who did not switch say that they would be “likely” or “very likely” to switch independently compared to 57 per cent of those who switched through the auction. This suggests that the switch did manage to encourage many of those people who would not normally switch independently to switch suppliers and hopefully get a better deal on their energy.

Chart 7: Likelihood of switching again through a collective switching scheme

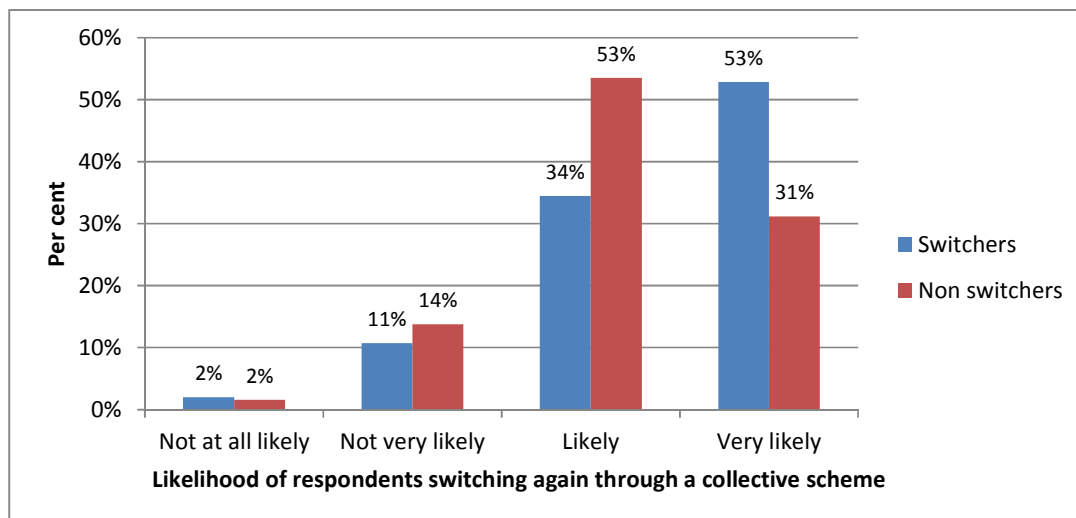
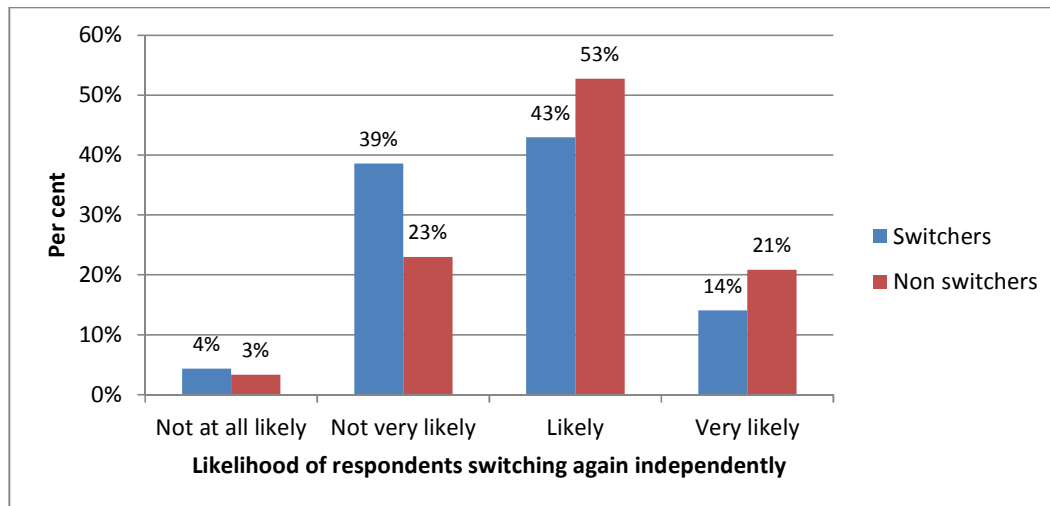


Chart 8: Likelihood of switching again independently



1.4 Energy behaviours

24. When asked about whether they had done anything to change their energy use behaviour as a result of the Big London Energy Switch, 44 per cent of people responded positively. This is an increase on our initial survey (results can be found in our first report) which found that 30 per cent of respondents had changed their behaviours since the switch. This is perhaps a reflection on those who have responded to this second questionnaire being more engaged in this area or on the amount of time passed since the switch has allowed people to take action and make changes. The following charts show the types of measures and changes people involved in the auctions have made. There were no significant differences between the switchers and non-switchers in response to this question so the responses from both groups are shown together here (Chart 9 and Chart 10).

Chart 9: Measures installed to reduce energy consumption

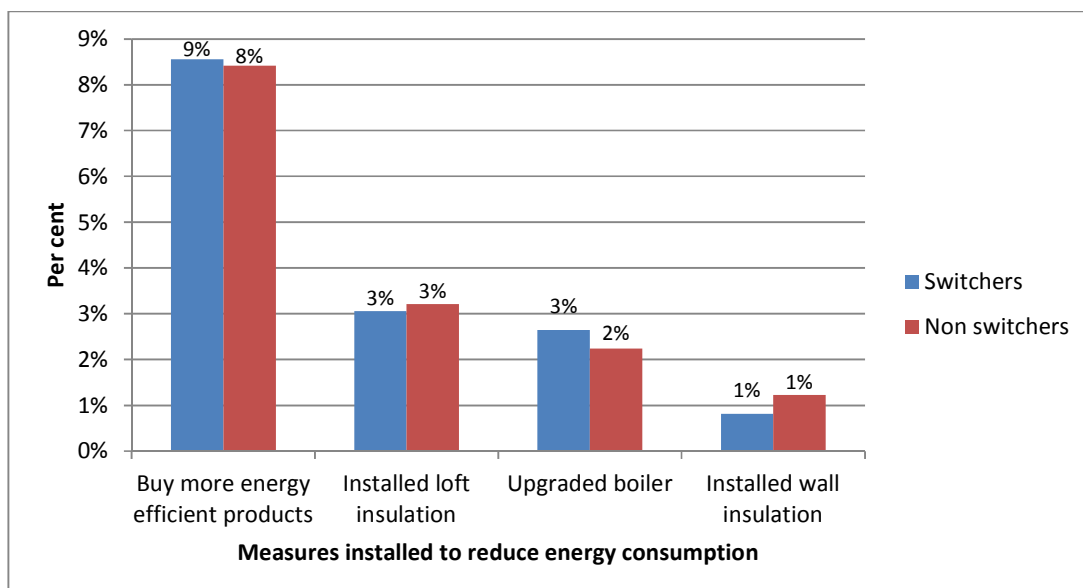
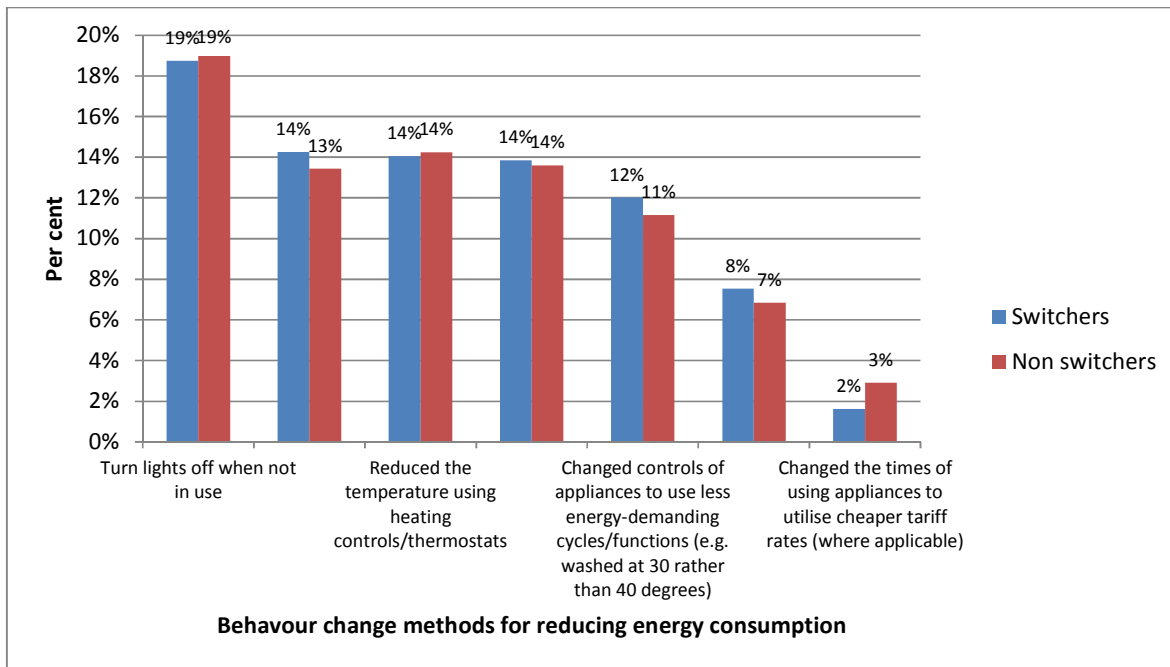


Chart 10: Behaviour change methods used to reduce energy consumption



1.5 Local authority involvement in the scheme

25. Overall respondents to this survey have been positive about the London boroughs involvement in the Big London Energy Switch. 77 per cent of switchers and 56 per cent of non-switchers said that the involvement of their local authority influenced their decision to participate in the Big London Energy Switch (Chart 11). In addition there is support for local authority involvement in schemes like the Big London Energy Switch with 92 per cent of switchers and 82 per cent of non-switchers responding positively when questioned about this (Chart 12).

Chart 11: Influence of local authority in decision to participate

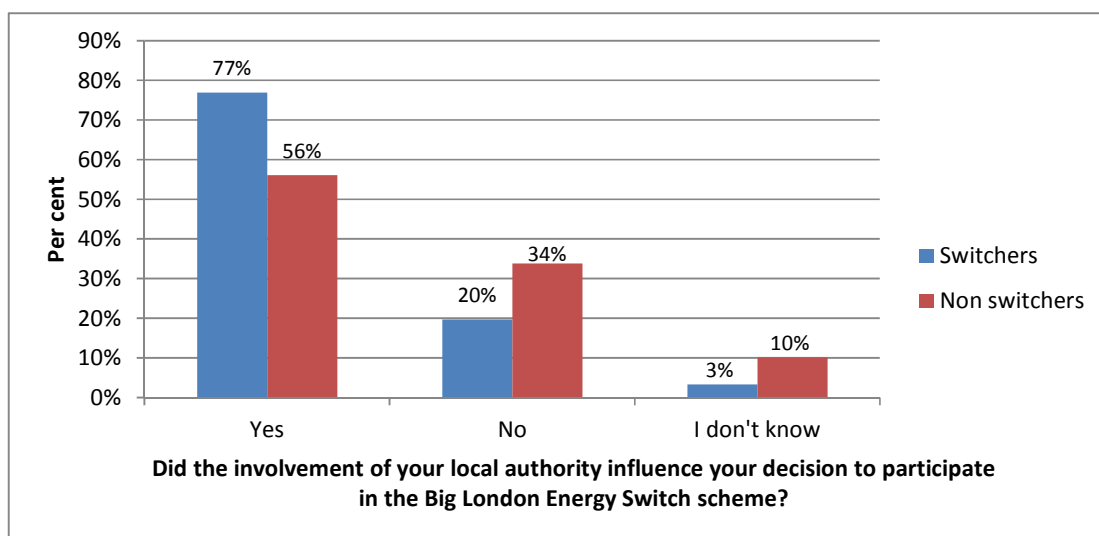
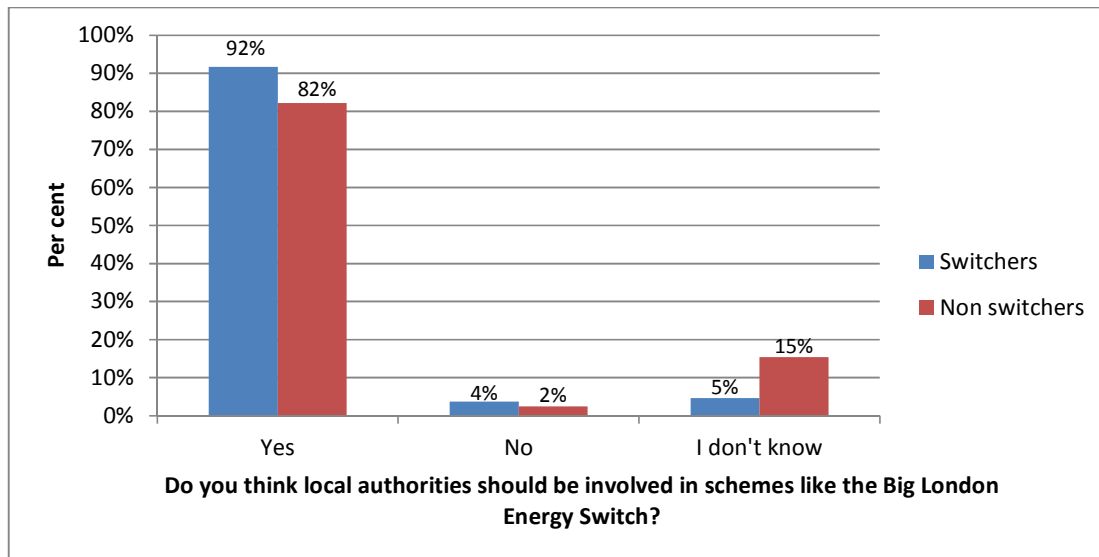


Chart 12: Should local authorities be involved in schemes like Big London Energy Switch?



26. We asked respondents to expand on their response to this question and the following represent some of the reasons given.

27. Reasons why a local authority should be involved included:

- They work for the interests of residents
- They can complete due diligence on the process and outcome
- They can provide support for people who need it
- Their involvement will give residents confidence to get involved
- They can ensure that the scheme has an organised approach, for a larger number of people
- They can encourage more people to sign up, which would lead to a better offer
- Only organisations that can pressurise utilities
- They can educate residents on saving money and energy
- They have a duty to residents
- They can target residents
- To support the vulnerable and fuel poor
- They have the resources required
- They can encourage green schemes

28. Reason why a local authority should not be involved included:

- What's it got to do with a council
- Given our results, I am more likely to carry out my own research than rely on Council's scheme
- The switch contract has not been fully evaluated in favour of the users
- Local authorities should only be involved if it cuts energy bills not increases them
- They have no experience
- People can get better deals on money saving expert energy club which does not receive a subsidy

- Don't trust local authorities
- Local authorities add another layer of bureaucracy
- They shouldn't waste Council Tax payers money if not everyone will benefit
- Activity can drive up Council Tax

1.6 Conclusions

29. Overall those who did choose to switch through the April auction are positive about the switch and the process they have experienced by taking part in the auction. People are generally satisfied with their new suppliers and tariffs, and most have not taken more than five weeks to complete the switch.
30. For those that didn't switch through the April auction we know that many have participated and switched in the subsequent Big London Energy Switch auctions. We can also infer that around 200 respondents to this survey have switched independently of the auctions and some of those feel that taking part in the auction gave them the impetus to do this, indicating the potential wider benefits of this scheme.
31. Those who have responded to this survey are also positive about switching again in the future both independently or through another collective switch. This indicates that awareness of the benefits of switching has increased within this group, as we know many of those who took part in the April switch had not switched energy suppliers previously.
32. The majority of participants who have responded to this survey are positive about the local authorities' involvement in this scheme. Many feel that the local authorities' involvement influenced their decision to take part and feel that local authorities should be involved in initiatives like this in the future.