CHANGEWORKS

Supporting consumers on restricted meters in Northern Scotland

Final report

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Report	Supporting consumers on restricted meters in Northern Scotland Final version
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With large areas in the North of Scotland off the gas grid, electric storage heating and therefore restricted meters are common. One of the more complex, yet common tariffs, is Total Heating Total Control (THTC). Notoriously difficult to understand, increasingly unaffordable and challenging to switch away from, this tariff causes challenges for householders and consumers alike.

The aim of this research was to explore the challenges experienced by consumers on THTC restricted meters and tariffs in the North of Scotland and seek recommendations as to how these issues could be addressed through a demonstrator project.

Total Heating Total Control

THTC consumers have two meters with three different wiring arrangements:

- The *standard rate meter* connects to appliances and lighting and is the more expensive of the two tariffs
- The *heating control rate meter* is wired to charge storage heaters and hot water for between 5 and 12 hours a day, to draw excess electricity from the grid. This is charged to the consumer at a lower rate. However, instant heat sources such as panel heaters and hot water boosts are also connected to this meter which can be used by the consumer 24 hours a day.

The methodology

A literature review was completed to draw on past research projects and recommendations on the topic. Telephone interviews were carried out with consumers and stakeholders including advice bodies and Citizens Advice Scotland's policy team. Further organisations including Ofgem, the Competition Market Authority (CMA) and suppliers were invited to participate but declined or did not respond.

Tighean Innse Gall and Energy Saving Trust have acted as partners providing input throughout the course of the project.

Key findings

- **Understanding**: advisors all had considerable experience of handling THTC complexities. Householder understanding remains limited, as, anecdotally, was the knowledge of most supplier staff.
- **Challenges:** there were a range of issues faced by consumers and advice organisations:
  - No information provided about THTC at account handover.
  - Limited information available about when storage heaters are charged.

    - The CMA Restricted Meter Remedy is not known about by consumers, is not fully understood by all advisors and is not consistently delivered by all suppliers.
    - The THTC tariff is considerably more expensive than other types of restricted meter tariffs. For example, the THTC heating control rate is significantly more expensive than the Economy 7 off peak rate. In addition, the THTC standard rate is significantly more expensive than the Economy 7 peak rate.
    - Confusion over what heat appliances are wired to which meter and some appliances being incorrectly wired.
    - Little clarity amongst advisors as to whether THTC is appropriate for renewable heat technologies and lack of pre-notification by funded schemes leaves consumers on high rate meters whilst waiting to change meter.
    - Lack of stock / meter operator coverage resulting in delays to meter repair and transfer between credit and pre-payment meters.
    - Switching:
        - Lack of comparison tools available for householders to determine if and when to switch to a different type of tariff.
        - Limited supplier knowledge causing switching confusion and delays.
        - Few suppliers offer THTC tariffs, reducing competition and choice.
- **Uncertain future**: There are a number of issues which could significantly impact restricted meter tariffs, such as THTC:
    - DTS phase out: Digital Teleswitching (DTS) is planned to end in 2022 leaving consumers on a fixed time for charging of heat appliances.
    - Smart meters: Not currently designed to supply DTS meters and connectivity issues in a lot of rural areas.
    - Supplier changes: the biggest supplier of THTC, SSE, has recently transferred all consumers to OVO Energy. It is not yet known whether OVO Energy has the in-house knowledge to support householder on these unique tariffs.
    - Decentralising network: The network is moving towards localised energy generation and consumption; the rise of time of use tariffs will likely see restricted meters phased out, but there are no clear plans to protect consumers from possible detriment.
- **Impact on consumers**: All of these issues result in consumers being on a high rate tariff, with heating which is difficult to know how to use in the most cost-effective way. Knowing if and how to switch to a different type of supplier or tariff is very confusing and not as accessible as it is to those on standard tariffs.

Conclusions

It is clear from this research that the issues surrounding restricted meters and in particular THTC in the North of Scotland continue to cause considerable consumer detriment. Despite these issues being extensively researched and numerous recommendations made previously, it is evident that the problems continue to persist and to consume advice organisation resource. There is therefore an obvious need to try to resolve these issues through a holistic and combined response.

Recommendations

An overview of the recommendations is outlined below. See Section 9 (page 42) for a full list of recommendations and suggested approach to stream 2.

1. CMA Restricted Meter Remedy updated to offer continued protection to consumers

- The remedy currently refers to a sunset arrangement following the successful roll-out of Smart Meters in December 2020. It is clear that this will not be an achievable timescale. As such, we recommend that the remedy should be amended to reflect this.
- The remedy should also be updated to include protection for consumers on pre-payment meters. Pre-payment consumers do not currently have the same equal access to the open market, granted to those on credit meters. The only solution for pre-payment meters is a replacement meter. The remedy should include a fee free replacement (including wiring costs) for pre-payment consumers. In addition, information about the tariff and where to seek support should be included in the annual statement.

2. Improved information available to customers on restricted tariffs

i. Improve customer and customer facing organisations' understanding

- There is a need for accessible information explaining how restricted tariffs work, and which technologies typically suit which tariffs, promoted to both customers and advice organisations.
- Energy Saving Trust and Home Energy Scotland are developing a set of training webinars, for restricted meters and electric storage heating.
- As part of this research project we will share our findings with customer facing organisations via a webinar. This will help improve awareness of THTC and the steps required to support consumers and avoid consumer detriment.

ii. Supplier obligation to inform a customer that they have a restricted meter type

- Suppliers should be required to clearly indicate that the meter type for the property is a restricted meter and that better tariffs may be available by changing the meter type. The terminology used to describe THTC needs to be clear and consistent.

iii. A customer-facing switching tool to enable customers to make decisions regarding benefits of changing meter type and switching

- There needs to be a switching webtool that enables customers on restricted meter tariffs to compare the market and know whether they could save money by changing meter type and/or switching tariff.
- Suppliers should be required to refer to this tool as part of the CMA Restrict Meter Remedy.

3. A clear process for changing meters used for restricted tariffs

i. Developing a process

- There needs to be a clear and transparent process for consumers to follow if they wish to move away from a restricted meter type / tariff.
- Ofgem needs to provide clarity on this process so that consumers know what to expect of their energy supplier.
- Training on this process needs to be given by energy suppliers to their customer service and sales teams.

ii. Advice for funded schemes

There needs to be a review of schemes who provide funded heating systems, to identify effective processes to support consumers to change their restricted meter (if pre-payment) or to contact their supplier to arrange for the two meter readings to be combined / or reconfigured (credit meter) to enable them to access an alternative type of tariff.

4. Protecting consumer rights

- Consumers need to be aware of their rights and support from Ombudsman Services[1] which has the power to enforce energy suppliers to comply with the requirements of the CMA Remedy.
- Ofgem should raise awareness of both the CMA Restricted Meter Remedy and the Ombudsman Service. Consumers should be encouraged to seek support from appropriate advice organisations to help them access the Ombudsman Service.
- There needs to be better promotion/information provided of the supplier obligation so advice agencies and the public can lodge formal complaints which will raise the profile of the issue and allow Ofgem to ensure enforcement.
- Ofgem and the Ombudsman Service monitor nature and number of complaints in relation to the CMA Remedy. This information should be shared publicly to place pressure on suppliers to comply and ensure the effectiveness of their actions.

5. Smart meters and storage heating

i. Infrastructure

- SMETS2 roll-out will not initially include customers on restricted meters as a suitable meter is not currently available. The provision of these meters should be accelerated to remove this barrier to the open market for consumers in the north of Scotland.

[1] **Ombudsman Services**

- Storage heaters with digital controls are required to make best use of Time of Use tariffs, once a SMETS2 meter is installed. Therefore, research is required to establish how many householders will be affected and what support is needed.

ii. Supporting consumer transition

- There will be a need for consumers with electric storage heating and smart meters to understand the best tariffs available to them for their usage pattern and their type of storage heating.
- Research needs to be carried out and training provided to enable advice and consumer organisations to understand the opportunities with SMETS2 and storage heaters so that they can support consumers effectively.

1. Introduction

Changeworks were granted funding through stream 1 of Scottish Government's Improving Consumer Outcomes Fund. The purpose of the Fund is to develop practical innovations that can be adapted, adopted and scaled up by existing essential service providers, working in partnership with third sector and/or community groups, in order to deliver fair and inclusive access for consumers in vulnerable situations[2]. Stream 1 is the development and feasibility stage of this process to establish a robust business case for delivery under stream 2.

Context

Changeworks is Scotland's largest environmental charity, developing and delivering high impact solutions to make low carbon life a positive reality for everyone. Changeworks have staff based across the country, with two main offices in Edinburgh and Inverness and a number of satellite workers stationed across the Highlands and Islands. The organisation operates two of the Home Energy Scotland advice centres, one covering the South-East and the other the Highlands and Islands. Changeworks also have a number of Affordable Warmth Advisors offering in-depth support to vulnerable householders in fuel poverty. This work makes us acutely aware of the range of issues experienced by householders. The issues experienced by householders who are on restricted meter tariffs are prevalent throughout the work of our advisors.

In the North of Scotland consumers typically pay a higher unit cost than the rest of the UK, many live in 'hard to treat' homes with higher heat demand and the weather is colder making fuel bill costs much higher. These issues are exacerbated by lower average incomes and higher costs for all goods and services. This results in most areas having fuel poverty levels above the national average (24%), with between 27% and 36% of the Highland and Islands local authority populations experiencing fuel poverty (under the new definition). While extreme fuel poverty ranges between 19% and 23%; much higher than the national average of 12%[3]. As a result, many consumers underheat their home, or through lack of understanding practice behaviour which can increase energy costs further (e.g. use plug in heaters instead of storage heaters).

In the North of Scotland there are approximately 72,000 consumers on Total Heating Total Control (THTC)[4], meaning that around 3% of all households in Scotland have THTC[5]. Like many other restricted meter tariffs, THTC was developed by SSE to off-load excess electricity when demand is at its lowest. Suppliers provide electricity at a lower rate to homes with heating systems developed to charge during this time and store heat. The majority of tariffs have a straightforward on-peak and off-peak time, such as Economy 7. However, the more complex THTC tariff is different and involves two meters and three electric circuits. Energy charged at the lower 'heating control'

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[2] **Improving Consumer Outcomes Fund**, *Local Energy Scotland, 2019.*

[3] **Scottish Housing Condition Survey**, *February 2020. Based on 2017-2018 data.*

[4] *Data provided by SSE, to Highland and Islands Affordable Warmth officers, August 2017*

[5] **National Records of Scotland** *estimated that in 2017 there were 2,477,000 households in Scotland.*

rate is supplied to storage heaters at set times and other direct heat appliances throughout the day and night (see section 3.1 for a full description). The unusual nature of this restricted tariff means it is commonly misunderstood.

Aim

Changeworks' stream 1 proposal was to explore the challenges experienced by consumers on THTC restricted meters in the North of Scotland and seek recommendations as to how these issues could be addressed through a stream 2 application.

In order to achieve this, we wanted to understand:

- The advantages and challenges of THTC.
- The levels of awareness and knowledge of THTC.
- Support available to protect and advise THTC consumers.
- Experiences of switching between suppliers and to different types of tariffs.

Outcomes

The outcome of this research is to develop a project which will enable consumers to be better informed, to allow them to save money or use their money budgeted for fuel to increase the heat in their home. This includes:

- Which type of restricted meter they are on,
- How their billing works,
- How their electric heating and restricted meter works,
- How to use their electric heating to reduce costs,
- How their restricted meter should be wired and how to detect faults with the wiring or faults with thermostats, and
- How and when to switch.

Consumers in the most vulnerable situations will be better informed about how to minimise costs, supported by Affordable Warmth Advisors who will have best practice tools and guidance. As a result, consumers will be better off financially and will enjoy increased warmth and corresponding improvement to health and wellbeing.

This will ensure that as many vulnerable consumers as possible are better able to use their electric heating and can access the competitive market to reduce their energy costs and enjoy an improved level of affordable warmth.

Partners

Tighean Innse Gall agreed to act as a primary project partner to provide technical expertise by reviewing topic guides to be used by interviewers.

Our delivery partners Energy Saving Trust and Tighean Innse Gall (TIG) will review the recommendations from Stream 1 and have a role in developing the Stream 2 demonstration project.

2. Methodology

Desk based research

A literature review of existing THTC research and the issues experienced by consumers was completed. The aim of this was to provide context and inform the development of the subsequent areas of this report. The main considerations that the literature review covered included:

- General introduction to restricted meters, their advantages and disadvantages
- Switching experiences
- The future of restricted meters
- The Competition and Markets Authority (CMA) Remedy
- Existing recommendations from past research

Stakeholder interviews

Interviews with stakeholders were intended to provide an understanding of the issues experienced with THTC, the support offered and input into improvement recommendations.

Although Ofgem, CMA, Citizens Advice Scotland (CAS), and the main energy suppliers of THTC in the North of Scotland were contacted, only CAS agreed to contribute to this study.

Advice organisation interviews

Organisations offering advice relating to tariffs in the North of Scotland were invited to take part in telephone interviews. The aim of the interviews was to gather an understanding of the extent of the issues experienced with THTC and switching, what support is currently available to householders and how this might be improved. Interviews carried out with advisors from the following advice organisations took place throughout February 2020, each lasting around 45 minutes:

- SCARF
- Fyne Homes
- Changeworks
- Shetland CAB
- East and Central CAB
- TIG
- Lochalsh and Skye Housing Association
- THAW

These conversations were recorded, notes taken and analysed using the qualitative data analysis tool Nvivo to understand key themes.

Home Energy Scotland helped to identify the need for this project, inform the direction of the research, secure the support of local affordable warmth organisations and provide background information concerning THTC.

Changeworks and Home Energy Scotland would like to acknowledge staff at affordable warmth organisations in the North of Scotland for sharing their knowledge prior to this project, in particular staff at Lochalsh and Skye Housing Association

Energy Saving Trust staff shared useful research and knowledge on restricted tariffs available in the North of Scotland.

Consumer interviews

In order to capture the first-hand experiences of consumers with THTC meters, Changeworks and TIG recruited consumers to participate in a series of telephone interviews. Most of whom had accessed support from the organisations who recruited them.

The interviews were carried out via telephone, each lasting 20 minutes. Participants were offered a £20 shopping voucher as an incentive. Interview notes were taken and later analysed thematically.

Dissemination

In order to share the findings from this research with relevant industry bodies, Changeworks will deliver a webinar. This has been slightly delayed by the COVID-19 pandemic. However, it is our intention that this will be delivered in due course.

3. Literature Review

The following literature review provides a summary of what restricted and specifically Total Heating Total Control (THTC) meters are, presents the main challenges of THTC and summarises existing THTC research. This review provided the context for the subsequent development of topic guides for interviews.

3.1 Restricted meter overview

Restricted Meters

Restricted meters include any metering arrangement whereby a domestic consumer's consumption at certain times and, in some cases, for certain purposes (for example, heating) is separately recorded. These meters enable consumers to be charged lower rates for electricity when overall demand is lower[6].

Total Heating Total Control

Total Heating Total Control (THTC) is both a type of restricted meter and the name of a tariff. It was designed for homes with storage heaters and is offered to customers in the North of Scotland (originally by SSE). Consumption is recorded using two meters[7]:

- The ***standard energy meter*** charges a 24-hour tariff. This "standard energy" rate is higher than the standard rate offered on a single-meter tariff. This is connected to lighting and electrical appliances.
- The ***heating control energy meter*** has two wired circuits:
  - One circuit connected to storage heaters and hot water tanks and charges them at different times of the day. This is controlled by a dynamic tele-switch (DTS) and activates depending on the time of year and local weather, but typically operates for between 5 and 12 hours each day.
  - The second wired circuit connects other electric heat appliances such as panel heaters, focal point heater, bathroom heaters, towel rails, hot water boost and electric showers. These appliances connect to the heating control tariff 24 hours-a-day.

SSE expect householders to use 80% of their energy at the lower 'heating control' rate and 20% at higher or 'standard' rate. This is a householder's "connectivity ratio", with optimum ratio described as 80/20 connectivity. There is a perception that if consumers achieve this ratio, then THTC can be competitive with the rest of the market. However as explored through our interviews, as the cost of the heating control energy has increased, this has become less likely. This is coupled with the challenge that the THTC market is small and therefore not competitive.

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[6] *CMA (2016) **Energy Market Investigation***

[7] *SSE **Description of THTC** (2019)*

Challenges

Some of the known challenges of THTC include:

- Confusion over the availability of the heating control energy rate (24 hours-a-day) and how to programme heating controls to make the most of this, can result in consumers using plug heaters instead. This means that they are using energy at the higher standard rate.
- If there is incorrect wiring (some heating and hot water appliances which should be at the cheaper rate are often found to be connected to the higher rate circuit), then energy costs increase.
- Pricing levels are high compared to other tariffs on the market.
- The process for switching is unclear and complex.
- As THTC is a legacy tariff, they are not available to new customers, and if a consumer should switch to a different tariff, they not likely to be offered a chance to return to their original tariff[8].
- It is not possible to compare prices online, as there is no tool available to customers to easily compare their tariff to other electrical or other fuel systems.
- Switching tariffs might require switching metering system which involves the supplier sending an engineer to change the meter. In addition, the householder may need to hire an electrician if the wiring needs work prior to the meter change[9].

Advantages

The main advantage of THTC is that consumers can benefit from storing heat in storage heaters and hot water tanks using the lower 'heating control' rate, which provides energy charge to these heaters for between 5 and 12 hours per day.

In addition, consumers can also access the heating control energy tariff for other types of heating appliances, such as electric panel heaters, towel heaters and electric showers. This provides access to heat charged at the lower 'heating control rate' at any time of the day or night.

When THTC rates were lower, consumers could benefit from cheaper heat at any time of day compared to other restricted meter tariffs such as Economy 7 where the off-peak time is given in one slot.

However, now that THTC 'heating control' and 'standard rates' have increased bills have typically become unaffordable and consumers find it difficult to switch to cheaper tariffs.

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[8] CAS (2018) Hard-Wired Problems: Delivering effective support to households with electric heating

[9] In 2017, the CMA introduced its Restricted Meters Remedy, requiring all energy suppliers with 50,000 or more domestic customers to allow those using non-Economy 7 restricted meters and tariffs to switch to a single rate electricity tariff without changing their meter. The aim of this has been to make more tariffs available to these households ahead of the completion of the smart meter rollout, and the remedy is due to be in place until 2020.

Suitability

THTC tariffs best suit those who use storage heaters and use them effectively and are unable to connect to the gas-grid. Whether a household is suited to their THTC meter can be reviewed by checking the bills to see if their consumption/costs fall within the 80/20 connectivity. However, whilst this is the desirable connectivity ratio described by suppliers, due to the high-priced heating control rate, this does not always mean that achieving this ratio alone will make the tariff suitable for consumers.

Tariff and variability

Being off the gas network, many of the households in the Highlands and Islands have electric storage heaters. Electricity has for some time been considerably more expensive per unit of electricity (kWh) than gas. Two factors exacerbate this.

The UK government have environmental and social obligation which is placed on fuel suppliers to help tackle fuel poverty and reduce carbon emissions through the provision of subsidised energy saving measures. However, this is a charge which is recovered through consumers fuel bills, the highest charge for which, 20.44%, is placed on electricity. This is compared to dual fuel bills, 11.34% and 1.6% for gas bills[10]. In addition, customers in the north of Scotland pay the highest regional distribution charges for their electricity. This is addressed by the hydro benefit replacement scheme. However, only to the extent that the north of Scotland distribution costs are reduced to be in line with the next highest regional network.

This results in vulnerable householders in the north of Scotland with restricted access to a fair energy market, paying the highest costs in the UK for their electricity whilst living in an area of 100% renewable energy generation, which as SSEN predicts in 7 years will supply 10 million homes across the UK[11].

Consumers on THTC currently pay costs of 22.8p per kWh on standard energy; and lower rate costs for heating control energy of 16.36p per kWh[12]. This is compared to Economy 7 tariffs which range from 13.49 to 20.45p per kWh on-peak and range from 10.90p to 14.40p kWh off-peak[13].

The Energy Saving Trust Knowledge Team have created some illustrative examples of annual energy costs for THTC meters. These have been produced for a range of different property archetypes, based on a series of modelled assumptions. These examples reiterate the significant expense of THTC in comparison to more affordable tariffs such as Economy 7[14].

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*[10] **Ofgem**, April 2020*
*[11] **A Network for Zero**, SSEN, June 2019*
*[12] SSE pricing **tool**, April 2020*
[13] CAS Comparison website May 2020,
[14] Unpublished

Switching experiences

In 2014, research organisation, BigSofa[15], conducted qualitative research in Scotland and the East Midlands with the aim of understanding consumer experiences of DTS energy tariffs and meters. They conducted 163 short telephone interviews and 72 in-depth interviews (both in person, in groups and by telephone).

They found that most DTS consumers had never looked to engage with the market or to switch. Many, especially in parts of rural Scotland, were unaware that alternative tariffs existed, whilst others were apathetic (or even cynical) towards the market. Almost all consumers had negative perceptions of supplier profits and felt that the market was not set up to benefit them as consumers. Many felt that as long as they received reasonable value from their existing tariff, attempting to switch would require too much of their time and effort.

For those who had engaged, switching experiences were largely negative and unsuccessful, with many feeling restricted by a lack of options within the market. The report documents the following range of experiences:

Unsuccessful switching:

- Supplier unable to offer alternative tariff.
- Supplier charges for a meter change (£50-£300).
- Problems with comparing tariffs online.
- Restricted by living in rented or social accommodation.

Successful switching was mainly characterised by consumers, who were typically less vulnerable and therefore better able to articulate their energy needs, and those able to connect to the gas grid. Their experiences included:

- Many had no knowledge of restricted meters as they had moved into a new house.
- Most switched for free or were charged a ‘token’ sum.

Market fluctuations

The THTC tariff and its consumers have recently been impacted by fluctuations in the market. In January 2019, Our Power, who had been set up as a not-for-profit supplier, backed by Scottish Government went out of business. Some 38,000 customers had switched to them hoping to achieve a fairer price for their energy. The collapse resulted in them being blanket moved to Utilita.

More recently, in January 2020 SSE transferred all customers across to OVO energy. SSE were the biggest supplier of THTC customers and as such had a team dedicated to dealing with specific restricted meter and electric heating tariffs. The impact of this change on the consumers is yet to be fully understood.

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[15] *Understanding the consumer experience of Dynamically Teleswitched (DTS) meters and tariffs (2014) Big Sofa*

The future of restricted meters

The Radio Tele switching Signal used for THTC meters is scheduled to be switched off at the end of March 2022. Therefore, the future of these meters and tariffs is inherently influenced by the roll-out of smart meters. Ofgem expect that the second generation of smart meters (SMET2) will allow suppliers to remotely control heating load[16]. Suppliers will be able to exercise control over when load meters are switched and would not need to visit the customer premise to reconfigure the meter. As a result, the costs associated with offering load control tariffs should reduce significantly. This scenario depends on the smart meter rollout, currently behind schedule and the availability of appropriate technology (as explored in the stakeholder interviews).

When restricted meters were originally established, they were introduced as a means to balance supply and demand in an energy system which was very centralised. Scottish and Southern Electricity Networks are now very reliant on restricted meters in rural communities to stagger loads (reducing demand on underfunded infrastructure). However, with the growth of large-scale renewable technology the UK network is moving towards a decentralising system, where energy is generated and used locally. This is giving rise to smart grids which use Time of Use Tariffs to control supply and demand locally, offering energy at varying prices throughout the day depending on its availability. The development of these tariffs could make restricted meters redundant in the long term. However, these tariffs can be complicated and currently require the consumer to have an understanding of how to maximise their benefits, which will be particularly challenging for more vulnerable consumers[17].

[16] Ofgem (2014) **Dynamically Teleswitched meters and tariffs – Ofgem's views on the way forward**
[17] More information on time of use tariffs is available from ***Citizens Advice UK****.*

3.2 The CMA Remedy

In 2016, the Competition and Markets Authority (CMA) undertook an investigation into the energy markets. This work highlighted electric heating as an area of concern, particularly for those on restricted electricity meters who face substantial barriers engaging with the market. In response to this, the CMA introduced the Restricted Meters Remedy[18], designed to address these barriers.

The Restricted Meters Remedy is a requirement on electricity suppliers (with 50,000 or more Domestic Customers):

- To **make all their single-rate electricity tariffs available** to all domestic electricity customers on restricted meters, without making such tariffs available on the condition that customers replace their meters or incur other associated costs.
- To **provide certain information to customers**. This includes:
    - A statement that the customer is able to change their supplier or tariff without having to incur any costs or other financial charges (associated with changing meters).
    - Contact details (e.g. telephone number, email address and website address) for the Relevant Citizens Advice Body.

The remedy specified information that must be provided in each customer's bill, statement of renewal terms, or other regular written correspondence.

The remedy has been shared by Ofgem in an open letter to suppliers suggesting they adhere to these guidelines, but this is not a mandatory requirement.

The remedy currently refers to a sunset arrangement following the successful roll-out of Smart Meters in December 2020. However, it is clear that this will not be an achievable timescale.

CMA and Citizens Advice

The CMA also describe the relationship between Citizens Advice and energy suppliers, in relation to customers on restricted meters.

If Citizens Advice request it, suppliers are required to provide the relevant Citizens Advice body with information on customers' metering infrastructure that will enable Citizens Advice to advise customers.

The CMA expects this information to relate to factual non-customer specific issues including:

- Information on the restricted metering infrastructure they support,

[18] *CMA (2016)* **Energy Market Investigation** *(Restricted Meters) Order*

- Details of the meter-specific tariffs that the utility itself offers (including standing charge and unit rates)[19],
- Whether these tariffs are available to new customers, and
- The operational hours of the different registers on the restricted metering infrastructure.

This information will allow the relevant Citizens Advice Body to give more precise/accurate advice to customers on:

- Their rights to switch suppliers and to switch to single-rate tariffs retaining their current meter,
- The options for switching supplier and the tariffs available to them,
- The factors to take into account when comparing the options available to them, and
- Help customers access the information they need to compare their options.

3.3 Existing recommendations from past research

3.3.1 Citizens Advice and Citizens Advice Scotland

Citizens Advice have written three reports that investigate restricted meters [20]. The main recommendations from each of the reports are presented thematically.

Suppliers

Citizens Advice have produced a Good Practice Guide for energy suppliers to consult. The main recommendations are summarised below:

- Provide additional customer service support for restricted meter customers[21]:
    a) Establish a specialist electric heating team.
    b) Make it easy for customers to get assistance (home visits, drop-in community sessions).
- Give customers clear and timely information about the CMA remedy:
    a) Tariff information should be easily accessible, if requested by customers[22].
    b) Clear and consistent messaging.
    c) Ensure frontline staff have appropriate training.
    d) Signpost customers to more advice or help.
- Apply the Informed Choices principles:

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[19] However, it was established during our interviews that this might not be wholly effective because if the particular utility rates are uncompetitive, the consumer will be told that is not cost effective to switch from THTC to another tariff (which will be true) and they will remain unaware that the market offers better rates.

*[20] CAS (2020) **Power to the People**, CAS (2018) **Hard Wired Problems**, CA (2017) **Good Practice Guide***

21 SSE did provide additional customer service support for restricted meter customers including a) and b) but SSE no longer provide this tariff

[22] Again, as established through our interviews this will not necessarily be effective in saving consumers money if other suitable tariffs are not offered through the supplier

    a) Suppliers have clear, comprehensible and easily distinguishable tariffs.
    b) Customers can easily compare and select an appropriate tariff (tools or assistance to help compare and choose tariffs).
    c) Suppliers must only recommend tariffs which are appropriate for the customer needs and preferences.
- Ensure customers have a choice of tariffs:
    a) Suppliers should proactively target restricted meter customers who are not benefiting from their tariff[23].
    b) Customers should be offered a range of tariffs (fixed term deals, Economy 7/10 as well as single rate).
    c) Suppliers should allow customers to move back to their restricted meter tariff.
- Accurately bill new restricted meter customers.

CMA remedy

- The CMA Restricted Meters Remedy needs to be better publicised among consumers, support providers and energy suppliers. Efforts are needed to ensure that all suppliers are fully aware of their obligation to provide another type of tariff without replacing metering infrastructure under the remedy.
- More information needs to be made readily available for those on restricted meter tariffs in order to facilitate easier comparisons with single-rate tariffs. Clear guidance should be made available to both households and advisers on how to effectively make a comparison. Ultimately, the outcomes of this should be to ensure that consumers are able to genuinely make informed decisions under the remedy.

Strategy

- An electric heating strategy should be developed which effectively challenges the prevalent link with fuel poverty.

Questions that warrant further investigation

- Understanding the full potential implications of the switching off the DTS signal, and its impact on the functionality of different DTS meters, particularly where SMETS-2 meters are not installed.
- Uncertainty of the future energy mix and implications for electric heating.

3.3.2 Ofgem research

Ofgem have not released any reports or communication with regards to restricted meters or the CMA Remedy (apart from incorporating them into their strategies). A

[23] *The same impact applies as per footnote 17*

letter of clarification was published in 2017 which clarifies Ofgem's position with regards to the way energy suppliers communicate with customers.

Ofgem has emphasised that it will not prescribe the content or the form of the communication that electricity suppliers are required to undertake with customers. This is in order to allow suppliers the flexibility to engage with customers in the most effective and pertinent ways.

Ofgem also clarified that in order to monitor compliance, suppliers may be asked *"from time to time"* to provide information of how they are complying, and the effectiveness of their actions.

No documentation with regards to these requests was available online and Ofgem declined an invitation to participate in an interview for this research.

3.3.3 BigSofa research for Ofgem

In 2014, BigSofa undertook qualitative research aimed at understanding the consumer experience of DTS meters and tariffs, this was prepared for Ofgem. Although this research pre-dates the CMA remedy, their recommendations were as follows:

- Education sources and channels for DTS customers to enable them to make the most efficient use of their metering arrangements (particularly in relation to storage and immersion heaters).
- The provision of independent advice on the options available to DTS consumers in the market. Ideally this should be advice that is offered proactively to raise awareness of the options.

4. Advice Organisation Interviews

The following section outlines the findings from interviews conducted with eight organisations, delivering energy advice and support to consumers across the North of Scotland.

4.1 Background

Advisor role

All advisors that were interviewed interact with households with THTC meters. Households with THTC accounted for 'a lot' of one advisor's clients, around 80% of another's calls, and was the main tariff that another advisor is contacted for support with. One advisor said that some clients do not know they are on THTC when they make contact.

Three advisors detailed the home visits they offer; visiting clients at home to help explain THTC, to check consumption, and that appliances are wired to the correct meter (standard or heating).

One advisor said that householders with THTC usually approach them due to high bills, if they are having difficulty understanding the system, or they think their heating is inefficient.

Two advisors said the majority of their clients on THTC are with SSE. One felt this could be due to brand loyalty, or because people feel SSE 'own the grid'. The other said that they try and keep track of the energy suppliers who support THTC; they mentioned Scottish Power and Bulb specifically (but noted that Bulb charge two standing charges).

In one area, the heating fuel split was reported anecdotally as being 40:60, electricity to oil. Within the 40% on electric heating, heat pump usage is increasing but nearly everyone using storage heaters is on THTC.

Prevalence of meters and the frequency of advice requests

All eight advisors spoken to regularly advise on other electric restricted meter types (in addition to THTC). Economy 10 (E10) was mentioned by all, and five also mentioned Economy 7 (E7). E10 was said to be used by households with heat pumps, or with houses with wet electric systems. E10 was also said by one advisor to be a bit easier for householders to understand and another advisor explained that it was favoured due to a greater possibility of switching compared to THTC.

SSE restricted (hours) A / B / C / D tariffs were mentioned by three advisors, but were felt to be rare, esoteric and quite expensive. Other rare or 'exotic' meter types included white meter[24], Storage Heating Control, and Scottish Hydro restricted

[24] *These are very prevalent in the Supply Area 17 (and so some of the South of Argyll & Bute will be affected)*

meters. One advisor also said there are examples where householders have two tariffs on one bill.

Four advisors said that THTC is the most prevalent restricted meter type they see in their area; one anecdotally added that probably 80-90% of those they see with electric heating are on THTC.

Training

Only three advisors had received training that specifically looked at THTC meters. All received this training from SSE, with one also saying they received training via the Fuel Poverty Action Group, and as part of the City & Guilds Energy Awareness Course. One other advisor who received training from SSE said it was very comprehensive, but their knowledge was mostly from their own personal experience with THTC.

Learning through experience was noted by five advisors, while four said they learn from colleagues or through knowledge sharing fora.

One advisor noted that their useful resources included an old information leaflet developed by an advice charity and (unadvertised) SSE leaflets. Another advisor said that the SSE website is probably the most useful resource, but that in fact only outlines what *should* happen with THTC but does not cover what actually *does* happen. This same advisor said that information is so sparse and varied.

Three advisors noted receiving energy advice or Affordable Warmth training which did not cover THTC (although one did also get specific THTC training from SSE).

Organisation's approach to THTC

All eight advisors interviewed said that generally there was a shared understanding within their organisation about how best to advise householders on THTC.

The 'stance' within four organisations, was to assess on a case by case basis, based on individuals' circumstances, but one organisation said they do also look at a block or street of tenants to see what is most suitable for all.

One interviewee said their organisation's policy was to move away from restricted meters altogether. One further advisor said that their organisation always tries to ensure that householders are on a fixed term tariff which is usually cheaper.

One advisor said that with old style storage heaters, their organisation's approach is straightforward *("a no-brainer")*, but with Quantum heaters, it is less clear what is best for householders[25]. There was also confusion about which tariffs are better for different technology types (e.g. Quantum heaters as noted above), and for ASHP[26].

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[25] The advisor added: manufacturers recommend using Quantum heaters on E7, but SSE say that THTC is better; some electricians say THTC and some say E7 is best.

[26] Again, the advisor added: for ASHP a one rate tariff could be cheaper or a similar price, but often the supplier will charge two standing charges (although some do not). Generally, in the case of ASHPs, E7

Interaction with other organisations regarding restricted meters

Four advisors said they have had contact with energy companies with regards to restricted meters or THTC. In particular, SSE were mentioned as being very helpful with questions about THTC. Some supplier staff were said to understand THTC, but others had not heard of it. The interviewees reported that this depends who answers the phone at the energy company.

There was felt to be less of a shared understanding among energy companies (excluding SSE); one advisor said that a company will often accept a switch (from someone on THTC) but then it falls through because the company does not know how to deal with the meter set-up. Another said that if a householder on THTC wants to switch, then E7 is usually the only compatible option; and if you move from a tariff such as THTC, you cannot go back onto it. They also raised concerns about OVO's awareness and understanding of the restricted meter tariffs currently offered by SSE and were uncertain as to whether or not they would continue to offer them at all.

Other networks and organisations that advisors had contact with about restricted meters were the Rural Fuel Poverty Taskforce, HIHAAWG (Highland & Islands Housing Associations Affordable Warmth Working Group), and Energy Action Scotland (all mentioned once by different Advisors).

Two advisors mentioned working with Citizens Advice Scotland (CAS) on policy evidencing, making decisions and to aid lobbying, liaising with Scottish Government and Ofgem via CAS. One also said they have good partnerships locally with the Local Authority and Housing Associations. A further advisor said that they lobby Government and Local Authorities, to try to eradicate non-open access meters[27].

4.2 Restricted meter remedy

Five of the advisors were aware of the CMA restricted meter remedy. Two said they were not aware of it and a third did not say no directly, but did not seem to be aware of it, and mentioned Ofgem best practice guidance instead when asked for more detail. Once the remedy was explained, one of the advisors who said they were not aware of it, explained that it sounded similar to what SSE were already delivering to some extent.

Of the five advisors that were aware of the remedy, one had lobbied and worked with the CMA to create it. This advisor felt that the remedy itself is well designed; allowing restricted meter consumers to keep the functionality of their meters and get open access to the market. They had thought the remedy would resolve problems. However, they felt that it has not been well implemented or advertised, for which they felt Ofgem and Citizens Advice Scotland (CAS) were responsible. They explained that Citizens Advice UK were given the role to communicate the remedy. However,

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is better than THTC, but again it depends on the usage profile and the advisor needs to sit down and work out the costs based on the individual case.

[27] *i.e. a meter that is not able to switch supplier*

they felt that CAS and Ofgem have interpreted the remedy as that SSE should, on their bills, tell people what the single rate cost would be; but they have not explicitly said that any other energy company should also implement this.

Another advisor agreed that the CMA remedy should enable people on restricted meters to switch to a single rate tariff, but that it is not really effective, and a third said that it is *"fine, but it's really too little",* and that more needs to be done to help consumers. Explaining further that just having one alternative tariff instead of THTC is not always going to be cheaper or fairer for consumers. However, it is clear from our research that this would likely be the case.

One advisor was aware of the CMA remedy but said they did not have a great understanding of it. They agreed with the three aforementioned advisors that the remedy is not effective. They explained that companies are meant to provide a heating and a standard tariff with one standing charge to customers, but the advisor said they had only seen EDF actually offer this.

One advisor explained that the CMA remedy is seen as a temporary fix before the smart meter rollout which *"will apparently fix everything".*However, it was not explained how. The main issue one advisor noted was that no-one knows that it exists (including advisors, energy suppliers, consumers). They said that they use it on their clients' behalf as there are a lot of pitfalls, and they have to constantly check that the supplier is executing it correctly. Also, some suppliers do not implement it all (cited Utilita as an example). Another echoed this and said that consumers were not aware of it, and this combined with limited energy company knowledge of restricted meters prevented them helping their customers.

Three advisors said that more needs to be done to support consumers, to help them reduce their energy bills, get the best deals, and change tariffs. One added that they feel that the energy industry is very volatile (and noted that there was uncertainty about OVO's takeover of SSE), and that the suggestion that smart meters will resolve all issues is not viable. Especially in their area which has connectivity issues and lack of phone signal.

4.3 Challenges

Main challenges experienced

It is recognised that there are a number of challenges facing consumers on THTC. The main issues raised included:

- Understanding the tariff and how it should be used (7)
- Switching (4)
- Cost (4)
- Consumers not being aware that they are on THTC (2)

One advisor said that an inability to switch is the main challenge but also understanding was a problem:

"…it's quite hit and miss; some people understand perfectly and some just don't get it – often I find that older generations grasp the concept more easily than younger".

Specific behaviour related issues raised included:

- Knowing which appliances are wired to the low rate meter (3)
- When to use appliances / when the cheaper rates are available (2)
- Householders using plug-in heaters instead of storage heaters because they feel it is cheaper (1)
- Understanding the 80/20 split and getting it to work correctly (1)
- How to use storage heaters (1).

Challenges related to cost included:

- Lack of knowledge about fixed term rates which can be cheaper (1)
- Most THTC consumers being with SSE, and SSE being a more expensive energy supplier overall (which one advisor felt was the cost of the great customer service) (1)
- Noticeable change in pricing since the pre-payment cap was changed – causing people to ration energy use further (1)
- Cost of heating exacerbated by poor quality, and poorly insulated housing (1)
- Seasonal increase in heating costs in winter tying in with drop in income due to seasonal nature of work (1).

A lack of information was a challenge, which exacerbates the level of understanding consumers have about THTC:

- Lack of explanation from landlords / housing associations about how the meters are set up (1)
- Misinformation from suppliers (even SSE) where supplier assumes the consumer is on E7 rather than THTC (1)
- Times for storage heater charging times not published (just vague information about being subject to weather conditions) (1)
- Old meters incorrectly or vaguely labelled (1).

A further issue raised by one advisor was common misunderstanding of THTC amongst electricians, as there have been instances of appliances being incorrectly wired to the high-rate meter.

4.4 Experiences of switching

All eight advisors had experience of the switching journey for consumers with THTC. The feedback is that consumers often feel they cannot switch suppliers at all. For those that do, there is no standard online switching process[28], it is complicated to determine if it is worthwhile[29] and the process is hampered by a lack of knowledge within energy suppliers. This can result in higher bills (instead of lower, e.g. due to

[28] *Consumers cannot look online for THTC or E10 tariffs (but can for E7).*

[29] *Referring to the 80/20 connectivity ratio, which research suggests does not necessarily make the tariff affordable due to the high tariff rates.*

two standing charges being applied, or because supplier does not understand, or support THTC), and incurs costs for meter changes and rewiring. Some consumers have tried to switch and failed, as the supplier is not set up to easily transfer these complex tariffs or does not offer them in the first place.

One advisor also mentioned that they advise householders on THTC to switch to a fixed term tariff. Another said that switching with THTC (and E10), particularly pre-payment meters, is a *"big issue"*, because it is not straightforward for electric heating and they have to try and use the CMA route..

Consumers can often feel trapped and excluded from the switching market. One advisor said:

> *"You can't go onto a tariff switching website and put down THTC, and… that's what most people want to do, they see it on the television all the time … people go 'I'm stuck on this tariff'… but the information isn't available to people freely… the perception is that if you're on THTC then there's no alternative at all."*

Understanding the usage split (explaining that 80/20 is ideal for THTC) can be complicated for householders, and this is a service that advisors conduct for them, but it can still be a lengthy process. From our research it is evident that this is a supplier suggestion and does not necessarily result in the tariff being affordable.

Another advisor said there was an issue where switches are triggered by cold-calling and these companies do not realise the THTC metering arrangement. Companies who do not support THTC will charge only on one meter, and then may back bill for the other one, often for large amounts. The advisor said that they had cases where a client switched to a non-THTC supporting provider after being cold-called, and then 10 years later were billed for thousands of pounds, as they had not been paying anything on the heat meter for the duration. Thankfully, they were able to have the debt cleared, but they explained that this can be very frightening for vulnerable consumers on low incomes.

The collapse of Our Power has been a similar issue; one advisor said lots of householders switched to Our Power and the new supplier (Utilita) has not been aware of the THTC metering set-up and has brought large charges. Another said that the collapse of Our Power had given people a negative opinion of switching.

Bills can end up being higher post-switch, rather than cheaper as intended, as some companies (e.g. Bulb) will charge two standing charges (which interviewees felt goes against that suggested by the CMA remedy). Otherwise, meter rates get mixed up by new suppliers causing additional costs, with a risk that 'free heat' is retrospectively

claimed back[30]. One advisor had a householder in this situation that had £23,000 in heat debt.

Advisors know of instances where the costs of changing a meter from THTC have been around £200 - £300, plus there have been additional costs for rewiring[31]. Other feedback (received out with the interviews) suggested that typical costs are much lower costs, reporting that Scottish Power and SSE typically charge £50 and that this is usually waived. Another advisor said they were aware that SSE occasionally offer meter changes for free, but there did not seem to be any standard eligibility criteria or process for this. Another said that getting an engineer out to change a meter can be a huge challenge.

Consumer awareness of tariff suitability

Five advisors detailed the complex and lengthy process that establishes whether a household is achieving the suggested 80/20 split. The advisors undertake this process for clients. This involves looking at the householder's bills and the kWh split between heating and other appliances; and often liaising with the supplier to get historic data (which householders may be reluctant to do themselves). One advisor said understanding the required balance of use can be a difficult concept for some people to understand. It should be noted that the 80/20 connectivity ratio does not necessarily make the THTC tariff affordable due to the high costs of the tariff.

The process is further exacerbated by a lack of accurate data (e.g. bills might be estimated, or might be annual), and by householders not using the heating system as intended.

One advisor said *"it's not really a case of establishing whether it is for them… normally it's what people have and we look at what their options are [to reduce costs]."*

Only one advice organisation had made their own price comparison tool that they use to determine the best tariff for people on THTC, based on their meter readings. Two others reiterated that they manually calculate based on householders' energy consumption; one added that having access to the unit costs per kWh for tariffs would be useful. They said that some suppliers do publish their unit costs but often they are only available by phoning.

4.5 Vulnerable consumers

All advisors felt that there were aspects of vulnerability that cause additional challenges for consumers with THTC. One advisor said that all customers on restricted meters should be classed as vulnerable.

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[30] *One advisor said that THTC is rates 1 and 4 and when people have switched, they have been getting charged rates 1 and 2 – so essentially getting free heat. Then there is the risk that it gets retrospectively claimed back by the energy company*

[31] *However, this is not always necessary.*

Another advisor said that over half of THTC customers are on pre-payment meters. Pre-payment (PPM) or 'PAYG' meters were identified as an additional challenge by five advisors. Specifically, not being able to spread the cost of heating over the year, lack of support for pre-payment meters on THTC with some suppliers (Bulb) not taking PPM THTC customers, and not being covered by the CMA remedy.

Severe arrears or debt was seen as an additional challenge faced by some vulnerable THTC customers. One advisor said that the main issue their vulnerable consumers face is having all bills based on estimates; due to their remote location their meters are never read by the energy supplier. Another said that a lack of confidence in contacting the energy supplier is the main challenge their vulnerable customers face; they support them by giving face to face advice and contacting suppliers on householders' behalf.

The condition of homes on THTC was seen as an additional challenge for vulnerable consumers; one advisor said properties with THTC were in a worse condition than others they visit. Another advisor said that vulnerable people living in the poorest (quality) housing was a challenge. They added that they felt customers will use plug-in heaters especially in children's bedrooms with a lack of understanding about the high costs of running these.

Support for vulnerable consumers

Four of the advisors interviewed said that the support available to vulnerable consumers was not sufficient. One added that while SSE and EDF have specialist teams which are very knowledgeable and helpful, customers do not know that they exist. However, one advisor said that SSE supports vulnerable customers well.

It was also mentioned that organisations such as Citizens Advice Bureaux and Home Energy Scotland both provide support, but resourcing the one-on-one support required is an issue. Some advisors explained that the holistic nature of the home visits they offer supports vulnerable people through benefits checks and income maximisation as well as energy costs and usage.

4.6 Advantages

All advisors cited some advantage to having a THTC meter. It was felt to be better than E7 for householders with old storage heaters, as it allows an additional 'cheap' top-up during the day (4), but one advisor added that the same benefits could be felt with E10. When used correctly (and with a well-insulated home) it was felt to be advantageous for the consumer (4) and also for the DNO, as it allows grid management (1).

However, two advisors said that THTC was introduced with a very low heat-rate (around six or seven pence per kWh) to allow those with electric heating to access cheaper heat; but as costs increase, it has become less useful.

Other types of restricted meters

Two advisors said they saw advantages with other restricted meter types. E10 meters were said to be easier to understand. They also work well with ASHPs and high-heat retention or Quantum storage heaters. However, the success of E7 and E10 is dependent on householders' lifestyles (most suited to when people are not home during the day).

4.7 Future role of THTC

There was a mixed response about whether THTC meters have a future role to play, from *"yes, I think so"*, through to *"hopefully not"*.

For householders with (old) storage heaters, THTC was seen as necessary to provide cheap heating and regular storage heater charging (four advisors); but one advisor explained that this would be the case only if the heating tariff rate is low. Alternatively, another advisor suggested that a different type of off-peak meter would be required.

At the other end of the spectrum, two advisors said that as storage heaters are upgraded to Quantums, households should switch from THTC to E7. One added that time of use (ToU) tariffs were the future, and another said that dual fuel style tariffs for electric heating and other electricity use should be available, to allow people to switch each part independently as they can do with gas heating.

One advisor also added a further concern about meters in general in the future; querying what will happen to remote and rural properties (who do not have sufficient connectivity for smart meters) if the analogue tele-switch is to be turned off; will they be excluded from accessing ToU tariffs?

4.8 Support

Availability of support for THTC consumers

Publicly available information for consumers about THTC seems to be lacking. One advisor said that it is 'very limited' and another said:

> *"There's just nothing published about it (times/rates/appliance), it almost seems as if people are being kept in the dark intentionally".*

One advisor suggested that suppliers should put clearer information on bills for consumers. Booklets or other information were provided by some organisations; but one added that for some clients the information needed to be provided in person.

However, one advisor felt there was not enough information available online (e.g. tariffs do not even appear on energy suppliers' websites); another said that they thought that people would not look online (due to connectivity issues in their area).

Challenges of THTC compared to other types of restricted meters

Similar challenges were noted by three advisors for other restricted meters types, especially E10. However, THTC was felt to be "definitely the worst" by one advisor.

Conversely, one advisor felt that the understanding of E7 and E10 was better; and that with THTC there were more unknown variables.

Previous work delivered to address the challenges

The support offered by organisations to help address the challenges faced by consumers with THTC included:

- A leaflet or other information explaining the tariff (2).
- Home visits to help people understand how best to use and heat their homes (2).
- Specific advice on water heating (1).
- Information on other suppliers that might support THTC (1).
- Working with energy suppliers to share knowledge of consumer experiences (1).

Gaps in the support available and associated barriers

The gaps and barriers to support included:

- A lack of resource and funding to deliver advice (1).
- A lack of awareness of THTC and the CMA remedy within the wider industry, including energy suppliers (3).
- A lack of transparency of, and access to, unit rates and peak rate times (2).
- Householders not seeking support or knowing that it is available in the first instance (1).

One advisor added that *"In some cases there just isn't anything we can really do. Lots of clients are already doing everything right (in terms of using appliances) and they are still struggling financially".*

Suggested improvements to support

Improved guidance for householders on using THTC, including technical knowledge on how to switch, and especially at the point of account handover (4), were seen as the best improvements that could be made to support householders. An online price comparison site for restricted meters[32] was also called for (2). Other suggested improvements were (each mentioned once):

- Clearer and more consistent terminology in information from suppliers.
- A clear policy from SSE on free meter changes and rewiring.
- The inclusion of pre-payment meters in the CMA remedy.
- Improved bills to explain THTC and more clearly detail the energy used on each meter.
- Providing more advisors to support clients.
- Support through Warmer Homes Scotland to ensure the implications of THTC are considered when households are getting heating upgraded.
- Have the CMA remedy work as it was intended to.

[32] *As recommended by Fuel Poverty Taskforce*

- Clearer information from energy suppliers about moving from a restricted meter.
- Regulate the times when the cheap rate applies.
- Encouraging more energy suppliers to support THTC customers[33].

Having a good support network of advisors accessible through a range of organisations was seen as important. In addition, SSE were cited as a good example of a supplier supporting vulnerable householders; one advisor said that other suppliers could learn from them. One advisor also said that a way to identify vulnerable households would be useful, as they were felt to be less likely to seek help themselves.

Home visits and online videos (rather than written information) were seen as suitable ways of providing advice and support to vulnerable households.

Ombudsman Service

Out with the formal interviews, staff at Home Energy Scotland anecdotally reported that they have used the Ombudsmen Service to successfully resolve switching issues with their own THTC meters. They contacted the service following a meter issue involving MPAN numbers. The outcome was a swift resolution.

Interestingly, the role of the Ombudsman Service was not one raised in the advisor interviews; suggesting it is perhaps not widely known about or utilised.

[33] *A limited number of suppliers currently support THTC (SSE, Utilita, M&S, EDF)*

5. Consumer Interviews

This section outlines the key findings from telephone interviews with six domestic THTC consumers. It should be considered that the majority of these consumers are likely to be vulnerable, as they were largely recruited via the advice organisations from which they receive report.

5.1 Demographics

The interviewees lived in a range of properties types, including a flat, semi-detached bungalow, and detached and terraced houses. Three of the interviewees owned their properties, two rented them from housing associations, and one rented their home from a private landlord.

One interviewee had lived in the property for a relatively short period of time, just three years and the remaining interviewees had lived in their homes for between 10 and 39 years.

One interviewee was the sole occupant, three lived with their partners, one lived with a partner who had a physical disability and their older son, and one interviewee lived with their partner and two young children.

The interviewees had a range of different electric heating systems. Three had air source heat pumps (ASHPs). One had been recently installed (in January 2020). The others had storage heaters and two had a combination of storage and panel heaters.

Tariffs and understanding

Three of the interviewees had been on THTC the entire time that they lived in the property. Others had been changed onto THTC when their heating system had been updated.

One of the interviewees was on another type of tariff called Storage Heating Control, which like THTC has two meters, one for appliances and lighting and the other for heating and sometimes hot water. The tariff gives eight hours of off-peak electricity at a cheaper rate, split across two periods a day.

When asked what they knew about their tariff, all interviewees explained that they did not have much understanding of how it worked. However, some of the interviewees explained that it meant that they had two meters. One interviewee had recently realised that they had two meters and felt that this would mean that they had to pay more for their electricity. Another explained that they did not really understand it, but expressed their opinion of the limited level of control that the tariff gave:

> *"I'm not very well versed, but to me it's not control"*

One of the householders was not aware that they were on a Total Heating Total Control tariff until they had received support from an Affordable Warmth Advisor.

The interviewee on Storage Heating Control had the most comprehensive understanding. They described the tariff as working on two independent meters. Explaining that one meter is a standard 'high rate' and the second meter operates the storage heaters for 10 hours per day (NB. the interviewee explained this as being two hours longer than the eight hours described on a fuel supplier website), which is controlled remotely, but thought that the timings would be different those on the THTC tariff.

5.2 Affordability

The majority of the interviewees felt that their fuel bills were unaffordable. Some explained that the tariff price seems to be constantly going up.

One of the interviewees explained that their bills had become more affordable since the installation of an ASHP (previously had panel heaters and storage heaters).

However, another interviewee who had recently had an ASHP installed found that their heating bills had gone up, compared to when they had storage heaters. As a result, they were not running the ASHP at full capacity, as they were worried about bills. Interestingly, this interviewee had been advised to switch away from THTC to a single rate tariff.

However, one of the interviewees felt that their energy costs are affordable.

Two of the interviewees explained the impact of this lack of affordability, one stating that they needed to regularly use hot water bottles to keep warm in the winter and another explained that they could not afford to use the panel heaters which they had upstairs.

Interviewees were asked to describe their typical spend, per month, on electricity in winter. Answers ranged from £115-£400 per month, but the majority were around £175-£220 per month. The young family who had recently had an ASHP installed explained that they were spending around £250 per month, but since the ASHP they are now seeing a saving of approximately £25 per month.

When asked whether THTC was the most cost-effective tariff for them, one participant explained that they felt it would be cheaper to move to gas central heating, as it would be easier and cheaper. Two of the interviewees were unsure if THTC is best tariff for them.

5.3 Advantages

Interviewees were asked to explain whether there were any advantages to having a restricted meter tariff. All of the interviewees explained that they did not know of any.

5.4 Challenges

When asked about the issues they have experienced with a restricted meter tariff, most interviewees referred again to it being particularly expensive or unaffordable, causing anxiety about bills:

"I was worrying about bills, I was initially told let the heating come on as it is and don't touch it, but then it was costing a lot, so I've since decided to put it down in the day to save money"

The interviewee with the Storage Heating Control tariff explained that because only the storage heaters are on the lower tariff, this made the other appliances and hot water, in particular, very expensive.

5.5 Switching

Interviewees were asked about their awareness of other tariffs, both THTC with other suppliers and other types of tariff, and their ability to switch.

One interviewee was not aware of any other types of tariff available to them. Another interviewee, who was an older adult, was only aware of other tariffs via support of son (who has access to the internet).

"… but that's it, if you're not online you miss out"

Other interviewees were more aware of the tariffs available to them and the majority had recently switched to other THTC tariffs with either Bulb or SSE.

The householder on Storage Heating Control wanted to switch to a THTC tariff but had been told that this would require a re-wire of their property, which they were not able to afford at this time. Two of the householders who had ASHPs installed had switched to a single rate tariff and had to have a new meter installed as part of this process.

"The cost benefits of switching from THTC might take a long time to outweigh the electrical costs that will be needed."

Reason for switching were largely cited as being to reduce costs or to keep things simple. One had switched to Bulb as they were a more environmentally friendly supplier.

The experiences of switching varied considerably. For those who were remaining on the same type of tariff, but changing to a different supplier, the process was largely smooth. However, some interviewees encountered problems and needed support from an Affordable Warmth Advisor when switching.

One interviewee explained that they had found the process difficult as their husband, who has speech impediment, was not able to communicate easily over the phone and become quite stressed by the process. However, they explained that the support that they received through a home visit had helped considerably and they were now hoping to see savings as result.

"We didn't want to get in debt with Utilita, so [the Affordable Warmth Advisor] helped and they worked out the best way around it. We're hoping that's it sorted now we've switched and that we'll see lower costs."

Another interviewee explained the switching process had been difficult, due to a lack of understanding on the supplier side. They explained that they had to be on hold with the supplier for some time and that they were concerned about their landline bill, so had to write to the supplier instead to provide meter readings.

The interviewee on Storage Heating Control explained that they had switched to Our Power, but they were moved to Utilita when Our Power went out of business. Utilitia had no experience with Storage Heating Control and they were initially advised that they would not be able to switch to another supplier. The same interviewee also explained that they found that the Utilita standing charge is different from SSE, i.e. they have three different unit rates. Utilita have a high single unit rate charged every day rather than a standing charge.

One interviewee had switched from SSE to EON but has since decided to switch back. They said that the person who they liaised with over the phone had not understood their THTC tariff and was condescending when they had tried to explain that it was different to Economy 7.

For those who had ASHPs installed and wanted to switch to a standard rate tariff, both were met with challenging but different experiences when switching. One interviewee had moved from Utility Warehouse to SSE, as they said that they would replace their meter for them free of charge. However, they had to wait for three months for the meter to be changed and had a long wait for their first bill. They were hoping to switch to Bulb to seek a lower tariff. The ASHP install had been carried out by Warmer Homes Scotland (WHS)[34]. The interviewee explained that they felt WHS should have explained that they would need to move to single rate tariff before the ASHP was installed, so that they could have started this process sooner.

The other interviewee with a new ASHP installed, found out that the ASHP had been wired into a higher rate with THTC while they were waiting for the single meter install from SSE. Therefore, they had incurred higher costs during this period. Their housing association had only told SSE last minute about the ASHP install and SSE had to do a blanket meter change at short notice, leading to delays.

5.6 Advice

Due to the method of recruitment, most interviewees had received support from an advice charity. Another of the interviewees had received support through an information evening on energy saving, which they said had been very helpful. One interview explained that they did not know that they had a THTC tariff for a long time, until a visit from an Affordable Warmth Advisor and explained that they would have benefited from information about this when they moved in.

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[34] Warmer Homes Scotland is a Scottish Government scheme designed to help homeowners and private sector tenants who are struggling to heat their home, by installing funded energy efficiency and renewable measures. The scheme is delivered by Warmworks.

One interviewee explained that they would like to see the suppliers provide greater support to people with disabilities to help them better understand their tariff and support them when switching supplier. However, they did not elaborate on what this support would look like.

Another interviewee said that they would like to receive more detailed bills to enable them to monitor their usage more clearly, as they would do online, however they did not have access to the internet.

Two interviewees who had recently transitioned to ASHPs, felt that they would have benefited from advice from their housing association (or another agency) on how their ASHP and storage heater controls worked and information on their THTC tariff when they moved in.

One interviewee explained that they would benefit from further support, as they do not understand how the tariff works:

"… I'm still a bit ambiguous about how the two tariffs work, that could be explained a bit better, I just put money in when it's needed and I still don't really understand where the money goes, what goes on storage heaters and what goes on whatever else. But bar moving home I don't really know what I could do to improve it."

6. Stakeholder Interview

Citizens Advice Scotland have engaged with consumers of THTC meters, energy suppliers, and produced research from their frontline experiences. For these reasons, two members of the Policy team were interviewed.

Other organisations including Ofgem and several fuel suppliers were approached to participate in interviews but declined or did not respond.

6.1 Advantages

The interviewees felt that, from a network point of view, when THTC meters are used dynamically, they do genuinely assist the network load allowing a stable level of supply to very remote areas. This switching will become increasingly useful as we move towards a decentralised energy system.

From a consumer point of view, THTC tariffs can provide better comfort than Economy 7 tariffs because the meter provides longer periods of access to a lower rate tariff. However, this lower rate tariff is usually more expensive than that available through the more competitive Economy 7 tariffs.

6.2 Challenges

Repairs and replacements

The interviewees were aware of THTC consumers finding it very difficult to get their meter exchanged. This could either be as a result of faulty equipment which requires replacement or changing from a prepayment meter to a credit meter (or vice versa). Meter exchanges are delayed because of a lack of replacement stock. Some faults cannot always be replaced.

The interviewees felt that this was also a result of new energy suppliers entering the market and not having the in-house expertise to deal with THTC. Often, there is no access to replacements and meter operator support in rural areas, and energy companies are reluctant to offer restricted meter tariffs. So, when something goes wrong with the THTC system they just change the meter type.

Awareness

When someone moves into a house with THTC, if they are not familiar with the system and no instructions are left from the previous owner or housing provider, then the heating system is often used incorrectly and inefficiently resulting in expensive bills. Also, a lot of the time, these consumers do not know who to turn to for advice.

Cost of electricity

By far the biggest challenge discussed during the interview was about the price of electricity and where should the societal cost/burden of decarbonisation lie?

Consumers living in the North of Scotland, often living in inefficient properties, off the gas grid, are picking up the cost:

"[These consumers are paying] *an awful lot, even though they are using a very green form of heating. Yet these consumers are paying far more to be green than consumers who rip out these systems and go towards oil*.".

When asked what this means in the context of Net Zero or towards the decarbonisation of our energy system, the interviewees felt that these discussions are not taking place enough.

6.3 The Restricted Meter Remedy

The interviewees felt that consumers are slowly becoming aware of the remedy, but active communication from energy suppliers is *"not done as much as it could be done*". Those that are aware and try to explore what their options are find that "*some energy suppliers are not implementing the remedy as intended by the CMA*; *suggesting that the remedy has not been consistently effective in meeting its objectives."*

6.4 Solutions

Holistic approach

The stakeholder interviewees noted that the consumer support services are fragmented and not joined up. There is a need for support for consumers to be better co-ordinated.

Price comparison

One of the suggestions raised by advice centre interviewees was the creation of a price comparison tool to help consumers navigate the market and understand whether their current meter type/plan fits with their behaviour.

The CAS interviewees were aware of a tool that was under development but had not yet come to fruition. The interviewees felt that, although the tool would be very useful, it might not necessarily be able to save the consumer money. They explained that although a consumer might be able to move to a single rate tariff, this might be more expensive than THTC:

"Consumer support to engage more effectively with the market is very necessary, but the market doesn't engage, and the options are not that attractive to THTC. You can bring consumers to the point of thinking of changing supplier, but if the economics don't add up, then all you've got is a group of engaged consumers for whom the best option from a financial perspective is to remain on their current tariff."

6.5 Looking to the future

When the DTS signal will end in March 2022, the systems will revert to a "safe" mode, 8 hours off-peak overnight with no way of altering this. This might mean that

some homes will be overheating in the summer and underheating in the winter, consumers will be colder than they are used to.

The interviewees explained that there is currently no useable smart meter equivalent to a DTS meter. In addition, a lot of consumers in the north of Scotland will rely on dual band communication hubs (and/or Alt HAN technologies) in order to maintain signal strength between the hub and the meter and the hub and the WAN. However, they explained that neither of these have currently been passed for use. There are therefore a number of challenges to the smart meter transition for restricted meter consumers, with solutions and timescales a real unknown.

Consumers will need to be supported irrespective of what replaces DTS, in particular how this will impact their home and their behaviours. Whether the solution is smart meters or not, it will impact the way certain households have been heating their homes for decades, and some will require support to readjust. The interviewees went on to explain that the phase out of DTS perhaps needs to be seen as an opportunity to engage consumers in the energy efficiency and decarbonisation conversation. Ensuring that a fabric-first approach is encouraged and perhaps given the network implications in some places, SSEN may need to provide funding for measures such as Quantum heaters.

7. Summary

7.1 Advice Organisation Interviews

Experience

- Advice organisations frequently support people with THTC meters. Typical support includes explaining that they are on THTC, checking how the appliances are wired (i.e. if they go to the correct meter) and explaining how to get the most out of the tariff.

- Most advisors have built their understanding of THTC from experience, but some explained that they had previously had training from SSE.

Interactions with other organisations

- Some fuel suppliers reportedly had a greater understanding of THTC than others. In particular, SSE, who established the tariff and had a team specifically designated to address issues with restricted meters. However, since SSE customers have now been transferred to OVO it is not known whether this knowledge and advantage of a dedicated team has since been lost.

- One advice organisation explained that they have been engaging with fuel suppliers to help improve understanding of the more complex tariffs.

Advantages

- If maximised and on a fixed rate tariff, some advisors felt that THTC could result in more affordable heating systems. However, it was acknowledged that the cheaper rate is no longer as low as it used to be, meaning that it is typically less affordable than other tariffs.

Challenges

- The overarching challenges included consumers not being aware that they are on THTC, or what it is, costs of some tariffs and standing charges and challenges associated with switching.

- Within this, there were a number of issues involving behaviour related barriers (i.e. not knowing how to get the most out of the tariff), information related challenges, (i.e. incorrectly labelled meters, not understanding that switching is an option, consumers unable to easily establish if THTC is the right tariff for them).

- Heightened challenges for vulnerable consumers who are often on pre-payment meters, which are not accepted by some suppliers and the issues are not addressed by the CMA restricted meter remedy. Another issue raised for vulnerable consumers was that those who are in remote locations and not on pre-payment meters often have estimated bills as their meters are infrequently read and they may be unable to do so themselves.

Switching

- Advisors reported that consumers often feel that they cannot switch suppliers and for those that want to it is difficult due to a lack of online switching process and limited knowledge on the part of the energy supplier. The result can be higher bills, due to two standard charges being applied, the cost of meter changes or additional re-wiring required.

- Other issues switching between suppliers included:

    - Cold callers promoting switching who do not understand THTC.
    - Our Power collapse which has led to a lack of confidence in switching.

- Issues specific to switching the type of tariff included:

    - Complexities in determining whether a different type of tariff might be more suitable.
    - The phasing out of restricted meter tariff may mean it is not possible to switch back.
    - Cost of switching meter, including possible rewiring charges.
    - Instances of some suppliers changing the meter for free, but eligibility criteria for this is not publicly available.

- The majority of advice organisations looked at the suitability of THTC dependent on the consumption patterns of the household. However, it is increasingly clear that due to the high costs of the THTC tariff this is no longer the case. As such, one organisation was advising all householders to switch to a different type of tariff.

- There was some confusion amongst advisors around the suitability of THTC with different types of heat technology, in particular air source heat pumps (ASHPs).

The Restricted Meter Remedy

- Most advisors were aware of the CMA Restricted Meter Remedy but understanding of the remedy varied considerably. Those who were aware of the remedy, said that they sometimes needed to cite it to the suppliers to ensure that its actions were adhered to. However, interviewees raised some anecdotal evidence of suppliers refusing to adhere to it.

- Some explained that it is only supposed to serve as a stop gap and that the SMART meter roll-out will resolve the problems. However, connectivity issues have been expressed which could make the control of restricted meter tariffs impossible.

Support

- Advice organisations interviewed called for suppliers to communicate more clearly with consumers, provide information on when heating control energy will charge storage heaters and provide better training for telephone advisors on restricted meter tariffs.

- There was also support for an online switching tool and further funding for advice organisations to help more vulnerable consumers.

7.2 Consumer interviews

Understanding

- It was clear that there is a lack of understanding of whether householders are on THTC, what THTC is and whether it is right for them, particularly amongst more vulnerable householders. It should be noted that this is a relatively small pool of householder interviews. However, this was echoed by the advice organisations, who regularly support consumers on THTC.

- None of the consumers interviewed cited any advantages of being on THTC.

Affordability

- The majority of consumers felt that their THTC tariff was unaffordable, citing for example use of hot water bottles and turning panel heaters off to keep bills down.

Switching

- Some of the consumers interviewed were not aware that they could switch to other tariffs. However, others were and had previously switched to different suppliers. Two had also recently switched to a different type of tariff.

- The experiences had been mixed, amongst those remaining with THTC but moving to another supplier. Some found the process relatively smooth, whereas others had encountered confusion on the part of the supplier leading to several long phone calls or seeing them seek support from an advice organisation.

- Those who had switched to a different type of tariff altogether had done so by switching to SSE in the first instance, as this meant that they were able to change the meter free of charge. These were all instances of having a new type of heating system installed. These consumers had all encountered delays and reported expensive bills in the intervening period as the heating system had been wired to the high rate meter.

Advice

- Most interviewees had already received advice. Those who had felt that the support of the home visits had been invaluable in understanding their tariff and helping them to engage with their supplier.

- Some expressed that they would like to see further support from suppliers on switching and how to get the most from their tariff, and more information from landlords or suppliers about THTC when moving into a property.

7.3 Stakeholder interview

- The stakeholder interview echoed that of the advice organisation interviews. Reiterating the challenges around lack of knowledge and understanding. An additional point raised was the challenges of repairing the meters or switching between credit and prepayment meters, due to a lack of replacement stock. They explained that this is mainly a result of a lack of rural meter operators and an in-flux of new suppliers without the in-house knowledge to manage restricted meter tariffs such as THTC.

- They reiterated that the CMA remedy is not widely known about by consumers, or actively communicated or enacted by the suppliers. As a result, the remedy is not consistently fulfilling its objectives.

- They stated the importance of tariffs such as THTC in balancing supply and demand of the grid.

- They called for a holistic approach to consumer support services as they are currently fragmented and do not work together.

8. Conclusions

The level of discussion and range of opinions of THTC demonstrates that there is not a shared understanding of how this tariff compares in terms of cost, to other restricted meter options. Whilst THTC offered a more flexible approach to heating patterns than some restricted meter tariffs, the high costs have ruled out any benefits that this tariff once provided. This is exacerbated by confusion amongst consumers and suppliers, because of a lack of clear messaging and knowledge sharing, resulting in an array of consumer detriment.

At present the CMA Restricted Meter Remedy does not appear to be widely implemented by suppliers, meaning that there is an onus on either the consumers, or those supporting them to have the knowledge to refer to it as a method of support to resolve issues arising. However, some advisors are not aware of the remedy and those who are aware did not have a full understanding of it in each instance. Therefore, the likelihood of householder awareness is very limited. It should not be the case that advice organisations need to use this as a tool to bring about change. This should be implemented by the suppliers from the outset to better protect consumers.

In addition, there are a series of unknowns in the future of the THTC tariff, not least the impact of the transfer of SSE consumers over to OVO. SSE had a considerable depth of experience with THTC tariff and had a specific team which advisors contacted to help support these customers. It is not known whether this will be something that OVO will offer, or indeed, whether they will continue to offer the tariff at all. However, there is anecdotal evidence to suggest that other suppliers have limited knowledge of these more complex tariffs.

A further unknown is how the transition from Digital Teleswitching to smart meter-controlled tariffs will impact THTC. There are questions raised as to the viability of these remote-controlled tariffs in remote areas.

However, consideration needs to be given to the implications of dissolving these tariffs as the network evolves and demand / supply balances need to be addressed. All be it, in the knowledge that there could be a shift away from national control of the grid through these restricted meter tariffs and a movement towards local energy generation and consumption using smart grids and time of use tariffs.

It is clear from this research that the issues surrounding restricted meters and in particular THTC in the North of Scotland continue to cause considerable consumer detriment. Despite these issues being extensively researched and numerous recommendations made previously, it is evident that the problems continue to persist and to consume advice organisation resource. There is therefore an obvious need to try to resolve these issues through a holistic and combined response.

9. Recommendations

The CMA Restricted Meter Remedy was designed as an interim solution to support consumers on restricted meters before the smart meter roll-out is complete. Its purpose is to enable consumers with restricted meters to participate to some degree in the energy market, pending the installation of smart meters that would then allow them to fully participate. However, as the research has shown, there is evidence to suggest that the Remedy is not being enacted in a way that it successfully achieves its objectives.

In addition, the smart meter roll-out is behind schedule and consumers are struggling to participate in the energy market to any meaningful degree and so this consumer group still require protection. These recommendations are therefore provided in the context that most consumers will at some point have smart meters and will be able to access the full market.

1. **CMA Restricted Meter Remedy updated to offer continued protection to consumers**

The remedy currently refers to a sunset arrangement following the successful roll-out of Smart Meters in December 2020. It is clear that this will not be an achievable timescale. We recommend that the remedy should be amended to reflect this.

In doing so the remedy should also be updated to include protection for consumers on pre-payment meters. These consumers are likely to be the most vulnerable recipients of THTC and therefore it is especially important that they are granted the protection afforded by the remedy. This is not currently afforded, as the two meter readings cannot be added together before the tariff charge is applied (because this

takes place at the meter level). The only solution for pre-payment meters is a replacement meter. The remedy should include a fee free replacement (including wiring costs) for pre-payment consumers. In addition, information about the tariff and where to seek support should be included in the annual statement.

2. Improved information available to customers on restricted tariffs

i. Improve customer and customer facing organisations' understanding of how individual restricted tariffs work

There needs to be accessible information explaining how restricted tariffs work, and which technologies typically suit which tariffs, promoted to both customers and advice organisations. At the time of writing Energy Saving Trust and Home Energy Scotland are developing a set of training webinars, initially for restricted meters and electric storage heating and then for restricted meters and electric boilers. Local advice organisations and Home Energy Scotland will work together to reach most vulnerable consumers, including those who are not on-line.

As part of this research project we will share our findings with customer facing organisations via a webinar. This will be promoted to organisations across the sector including registered social landlords and responsible for administering relevant schemes such as HEEPS:ABS, Warmer Homes Scotland and the Decarbonisation Fund. This will help improve awareness of THTC and the steps required to support consumers and avoid consumer detriment.

ii. Supplier obligation to inform a customer that they have a restricted meter type

When suppliers bill customers they currently show the best available tariff that they supply for the meter type in that property. In addition to this, they should be required to clearly indicate that the meter type for the property is a restricted meter and that better tariffs may be available by contacting their supplier / an alternative supplier and asking them to move them to an alternative tariff with their existing meter configuration (credit meters) or changing the meter type (pre-payment) so that they might access tariffs from more suppliers.

The language and terminology used to explain THTC and the various aspects of the tariff should be consistent across suppliers.

Stream 2: There is opportunity for a Stream 2 project to progress this initiative with key consumer advocacy organisations involving project partners to demonstrate the benefits to consumers.

iii. A customer-facing switching tool to enable customers to make decisions regarding benefits of changing meter type and switching

There needs to be a switching webtool that enables customers on restricted meter tariffs to compare the market and know whether they could save money by changing meter type and switching tariff. By having a resource available to the public, it would allow those who are able to switch themselves and advice organisations to provide

support for those who are most vulnerable. Suppliers should be required to refer to this tool as part of the CMA Restrict Meter Remedy.

Stream 2: There is opportunity for an organisation to develop this tool under a Stream 2 project involving project partners to demonstrate the benefits to consumers.

3. A clear process for changing meters used for restricted tariffs

i. Developing a process

For cases where accessing an alternative tariff with the existing meter arrangement is not possible, e.g. pre-payment meters, there needs to be a clear and transparent process for consumers to follow if they wish to move away from a restricted meter type . Ofgem needs to provide clarity on this process so that consumers know what to expect of their energy supplier. The process should include details of:

- The costs involved in replacing the meter and details of financial support available to help vulnerable consumers.
- Typical timescales for replacement.

Training on this process needs to be given by energy suppliers to their customer service and sales teams to ensure that they have a solid understanding of Restricted Meter tariffs.

Stream 2: There is opportunity for a Stream 2 project to progress this initiative with key consumer advocacy organisations involving project partners to demonstrate the benefits to consumers.

ii. Advice for funded schemes

Funded schemes are available which upgrade storage heaters and change heating systems. There needs to be a review of funded schemes to identify effective processes to support consumers to change their restricted meter (if pre-payment) or to contact their supplier to arrange for the two meter readings to be combined / or reconfigured (credit meter) to enable them to access an alternative type of tariff. This would enable them to access best tariffs for their new heating.

4. Protecting consumer rights

Consumers need to be aware of their rights and support from Ombudsman Services[35] which has the power to enforce energy suppliers to comply with the requirements of the CMA Restricted Meter Remedy and wider consumer rights regarding the energy market.

Ofgem should raise awareness of both the CMA Restricted Meter Remedy and the Ombudsman Service. Consumers should be encouraged to seek support from

[35] **Ombudsman Services**

appropriate advice organisations to help them access the Ombudsman Service if support is required. In addition, there needs to be better promotion/information provided of the supplier obligation so advice agencies and the public can lodge formal complaints which will raise the profile of the issue and allow Ofgem to ensure enforcement..

Ofgem and the Ombudsman Service monitor nature and number of complaints in relation to the CMA Remedy. This information should be shared publicly to place pressure on suppliers to comply and ensure the effectiveness of their actions.

Stream 2: There is opportunity for a Stream 2 project to provide training to Affordable Warmth Advisors on consumer rights including their rights under the CMA Restricted Meter Remedy. This will help raise awareness of the remedy and prompt enactment by the energy suppliers.

5. Smart meters and storage heating

i. Infrastructure

SMETS2 meters are being rolled out across the UK and this will include customers on restricted meters when a SMETS2 meter is available for storage heating. Smart meters and local energy networks offer an opportunity for energy suppliers to charge storage heaters when there is cheaper energy available on the wholesale market. As discussed in the findings, this change in the grid will lead to a rise of different types of Time of Use tariffs.

The lack of a SMETS2 meter which is compatible with storage heating is a barrier to any consumer with storage heating living anywhere in Scotland benefitting from Time of Use tariffs. Resolving this technological barrier is essential so that customers on storage heating can access Time of Use tariffs and change their supplier, which is functionality provided by a SMETS2 type meter. There is potential as part of stream 2 to investigate why energy suppliers have not progressed this solution yet.

The smart management of storage heating could be a key component of the Scottish Government's Green Recovery Plan, but this is not possible until there is a SMETS2 meter which is compatible with storage heaters.

Storage heaters with digital controls are required to make best use of Time of Use tariffs, once a SMETS2 meter is installed. Therefore, research is needed to establish the number of households with non-digital storage heaters and how these will be affected.

Stream 2: We would prioritise this as a separate Stream 2 application from the activities above and link with advice providers.

ii. Supporting consumer transition

There will be a need for consumers with electric storage heating and smart meters to understand the best tariffs available to them for their usage pattern and their type of

storage heating. It may not be apparent to consumers which supplier tariff suits them best because the market will be more dynamic.

Advice and consumer organisations need to understand the opportunities with SMETS2 and storage heaters so that they can support consumers effectively. There is a risk that some Time of Use tariffs which are not competitive could look attractive to consumers who are not adequately informed. These customers may then lack the confidence to access better deals. Vulnerable consumers are at particular risk.

There is opportunity for a Stream 2 application to research the impact of SMETS2 and Time of Use tariffs for vulnerable consumers with electric storage heating. Our Stream 1 research has identified that this poses high risk area for detrimental consumer outcomes and a suitable framework needs to be established in order to prevent this.

10. Stream 2 and COVID-19

Most of this research was completed prior to the COVID-19 pandemic. However, in-light of this Scottish Government asked Local Energy Scotland to explore the following questions in relation to a Stream 2 application, in order to help inform their guidance. Changeworks' response is as follows.

1. *Is there scope within your project to reposition so that any successful Demonstrator application is tied in to delivering positive outcomes for consumers in the context of (green) recovery following the Covid-19 crisis?*

If SMETS2 meters were compatible with storage heaters, this roll out would have the potential to save consumers money (provided that vulnerable consumers are supported to benefit from their installation), avoid detrimental outcomes and benefit the economy through their retrofit. However, this technology is not currently prepared for roll-out.

However, the issue of restricted meters is particularly pertinent, as the impact of COVID-19 on the most vulnerable consumers is likely to be substantial, with fuel poverty likely to increase. The project has the flexibility (outlined under question 2) to deliver positive outcomes for consumers in this context.

2. *In this context, what would be some of the practical implications (limitations and/or alternatives) that self-isolation and social distancing present for any such Demonstrator? (i.e. very conscious a lot of consumer work is focused on engagement, bringing the voice of the vulnerable into discussions, providing good practice advice – all of which will be impacted by the current situation)*

We are replying in the context that our Stream 2 approach is not fully formed, as we are awaiting the release of the guidance before preparing this. However, one strand of our proposed demonstrator project is web-based and therefore consumers with internet access will not be excluded as a result of COVID-19. It will be a challenge to support consumers without internet access. However, advice services have adapted their delivery model and support can be provided using the telephone. Some vulnerable consumers will only engage once someone they trust has visited, so safe support will be a priority once restrictions start to ease.

The organisations who could be involved in delivering stream 2 projects have made a smooth transition to working from home and as such will be able to continue to prepare these resources and support consumers.

Due to COVID-19, it is not currently possible for suppliers to carry out meter changes. However, installers and contractors are developing 'safe schemes of work' in order to adapt their ways of working. The demonstrator project can engage and prepare consumers in changing their meter, so that this can be progressed as soon as restrictions start to ease.