

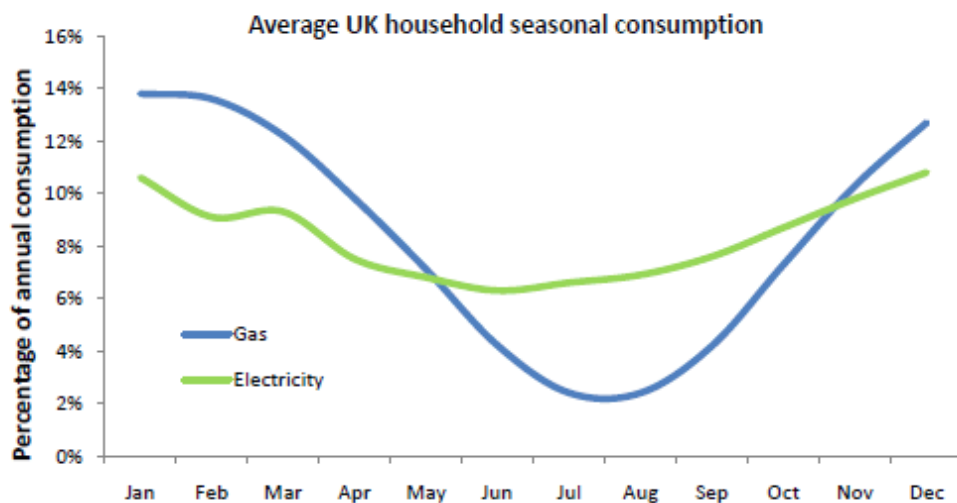


Your guide to understanding your Direct Debit versus energy consumption

Helping our customers keep debt free has always been a top priority at Ovo. Paying regular monthly payments by Direct Debit helps you manage your energy costs and be able to plan and budget for the year.

How do you decide my Direct Debit amount?

Over the course of the year, our energy use doesn't stay the same. In the summer, we all tend to use much less energy as the days are warmer and brighter. Then as we enter the winter months the heating is switched on, the days become darker and we all feel the extra chill! The winter is when we tend to use more energy – on average 25% per household.



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Gas	13.8%	13.6%	12.2%	9.8%	7.1%	4.2%	2.4%	2.4%	4.2%	7.3%	10.3%	12.7%
Electricity	10.6%	9.1%	9.3%	7.5%	6.8%	6.3%	6.6%	6.9%	7.6%	8.7%	9.8%	10.8%

When you join Ovo, we look at your previous energy use, add up the total yearly cost and then typically split your Direct Debit into equal monthly payments to cover this. What you tend to find is that during the summer your Direct Debit is higher than your energy use, and during the winter it is lower. This means that during the summer you build a credit up on your account, to help see you through the winter months, when gas and electricity usage increases. The plan being that by the following spring, your account will have evened out to a zero positive balance.

Joining Ovo during the winter

We aim for our customers' Direct Debit amount to be split in 12 equal monthly payments as soon as possible. If you join us coming into winter, we ask you to start off paying a 25% winter uplift on your amount to make sure your account doesn't go into negative balance immediately. The following spring, we'll then review your account to make sure it's closely aligned to the energy you're using.

Stay in control

We hold regular Direct Debit reviews throughout the year to check your monthly payments are in line with your energy consumption. That way we can let you know whether your Direct Debit amounts are on track and you stay in control of your account. It's also important that you contact us with regular meter readings. That way we know your account is up-to-date.

Sometimes your Direct Debit doesn't match your energy use. It may be too high, so you build up an excess credit, or too low; so you can fall behind in your payments.

Some of the reasons your monthly payments may be too low include:

- *You are using more energy than last winter,*
- *You've had a refund throughout the year,*
- *You may have missed one or more Direct Debit payments,*
- *You may now be on a different tariff,*
- *The Direct Debit over the summer wasn't high enough to build sufficient credit to cover your winter usage.*

Let's take Mr Jones as an example. He's been an Ovo customer for 2 years. Over last winter he used more energy than normal and so currently has a negative balance and needs to have his Direct Debit amount adjusted.

We calculate his new Direct Debit amount by taking his current balance and adding to that the amount of energy we expect he'll use until the end of next winter. We then deduct what he is due to pay by throughout that period. The difference then gets divided by the number of payments between now and the end of next winter. Finally this amount is added to his current Direct Debit amount to make the new amount.

EXAMPLE (with a Direct Debit change for a July payment):

Current balance:	£150 debit
Forecasted consumption from now until the end of winter:	£1200
Total (forecasted costs until the end of next winter):	£1350
Current Direct Debit:	£100 per month
Payments made between now and the end of next winter (9 x £100):	£900
	£1350 - £900 = £450
£450 divided by remaining payments	= £50 additional per month
New Direct Debit amount:	£150 per month

We hope the example above helps you understand how we determine your Direct Debit. At Ovo, we know that each customer is different and our team will always do their best to make sure your payment plan is suitable for you.

Positive balances are rewarded

We want to create a fairer deal for customers. We pass on the interest we earn when your account with us is in credit as well as rewarding you for prepayment. The Ovo Interest Reward rate is currently set at 3% per annum. Each time you receive a statement – which is monthly or quarterly depending on what you've requested – we'll show the interest you've earned for the credit balance over the previous period and your account will be credited automatically.

While not connected to the Bank of England's base rate of interest, Ovo's interest reward rate will reflect market conditions. The Ovo interest rate is set until the end of 2011 and will be reviewed every six months thereafter.