



NATIONAL ENERGY ACTION (NEA) RECOMMENDATIONS

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Follow up to the CMA remedies - The CMA found that consumers could have paid c.£1.7 billion a year less for their gas and electricity bills over the last three and a half years had the competitive markets been working effectively. The CMA recommended a key way to address the level of detriment in the energy market is a transitional price control for the 4 million households who are on prepayment meters, who face limited competition from suppliers and whose ability to switch and find better deals is far more limited than for credit and direct debit customers. NEA supports a transitional price control for prepayment customers on low incomes and will urge the CMA, Ofgem and UK Government to move quickly to implement this remedy.

Further steps to address exclusion in the energy market - One previous method to address exclusion in the energy market has been the Big Energy Saving Network (BESN) which was established in 2013. The Network delivered face-to-face outreach, tailored to the needs of communities, through organisations they know and trust. It built on efforts of existing support networks and helped vulnerable consumers by developing the capability of advisors through training them on tariffs, switching and how to access energy efficiency programmes. During the first year of the Network, DECC funded over 150 projects from more than 90 third sector organisations. DECC provided a further £1m funding to continue the Network into 2014/15. Around 170 projects across GB have delivered an expanded programme of outreach over the autumn/winter of 2014/15. DECC's evaluation report of the first year estimated that the Network reached over 90,000 consumers in total – 16,000 participants via workshops and 78,000 through frontline workers.

Improving conditions in the Private Rented Sector - From April 2016, domestic landlords in England and Wales are not able to unreasonably refuse requests from their tenants for consent to energy efficiency improvements, where financial support is available from national or local schemes. From April 2018, all private rented properties (domestic and non-domestic) will also need to be brought up to a minimum energy efficiency standard rating of EPC rating "E". Taken together with the existing powers under the Housing Health and Safety Rating System (HHSRS), introduced in the 2004 Housing Act (which is already regulating minimum standards in housing), there is the potential for an enhanced approach which could improve the physical and psychological health of millions of UK households in the private rented sector.



Improving the Warm Home Discount Scheme - Following effective engagement by the Department of Energy and Climate Change (DECC), NEA, the Children Society and a range of other well-known charities the Comprehensive Spending Review (CSR) committed that the Warm Home Discount scheme will be extended to 2020-2021. NEA welcomed this positive decision and notes that this will allow the policy to continue to provide crucial assistance to many low income and vulnerable households to manage their energy costs either through direct rebates or through the retention of industry initiatives. The latter will allow many organisations to continue to provide energy and debt relief advice and plan efficient delivery over successive years.

Ensuring the successor to ECO is fit for purpose - The UK Government is committed to ensuring there is a home energy efficiency policy to supersede the current phase of the Energy Company Obligation (ECO) which is due to end in 2017. The Secretary of State, Ministers and the Department of Energy and Climate Change (DECC) have also publicly stated the intention for the supplier obligation post 2018 to be dedicated to helping households in fuel poverty, something NEA and organisations like Citizens Advice have both welcomed. It is however critical that the future scheme learns lessons from current delivery and removes any major barriers that prevent this programme from delivering the stated aims of the Fuel Poverty Strategy for England or ensure the next supplier obligation also marks an ambitious commitment to reduce fuel poverty across the other nations in Great Britain.

Reformed and refocused RHI scheme - NEA has continuously stressed that one of the main challenges to providing equal access for the poorest households to benefit from renewable heat technologies is that the upfront costs of micro-generation and renewable heat technologies are prohibitively expensive for fuel-poor households. Without assistance in paying the capital costs, these households are unable to benefit from the operational incentives targeted at micro-generation or renewable heat. In this context, NEA notes the intention for the Renewable Heat Incentive (RHI) budget to increase from £430 million in 2015/16 to £1.15 billion in 2020/21, an increase of over two and a half times. NEA therefore welcomes the opportunity to shape the reformed and refocused scheme and in particular to make practical suggestions which could ensure the RHI supports the households that need the most help.



Gas Network extensions and the Central Heating Fund (CHF) Fuel poor households that are off the gas network are typically prone to much more severe fuel poverty. Despite historic policy interventions like the Central Heating Fund, these households are still least likely to benefit from current policies and the Fuel Poor Network Extension Scheme needs to align better with wider Government strategies on heating to maximise the benefits GDNs can deliver. In particular, GDNs' can help join up to supplier obligations and other government led support like the RHI and Central Heating Fund (CHF) to close funding gaps and enable access to energy efficiency measures and other fuel poverty assistance. As a result, many organisations feel that the CHF should be committed year on year to align with the duration of the current gas distribution price controls, ending in 2021. This is especially warranted given Ofgem's revised connections under RIIO-GD1.

Findings the hard to reach - NEA will highlight that it has recently launched a new fuel poverty assessment tool that is designed to help front-line home energy efficiency assessors and fuel poverty programme workers to calculate whether a resident is living in fuel poverty. It also calculates the impact of different interventions on the level of fuel poverty to help assessors understand which could be the most cost-effective measures. The development of this tool was co-funded by NEA, Joseph Rowntree Foundation, Eaga Charitable Trust and Citizens Advice. The recent Cabinet Office consultation into Better use of data in government was also broadly welcomed. NEA hopes this will result in the introduction of a new primary power to extend data-sharing with suppliers to further automate WHD which is likely to be wrapped into a new Data-sharing Bill later this year. The UK Government must also seize the opportunity to share data for the purposes of enhancing services provided or supported locally by public sector bodies such as local authorities or GP practices. NEA believes if these two objectives can be achieved this can enhance access to a range of services, reduce delivery costs and improve the welfare of the individual in question who's data is being shared.

National Infrastructure Commission and Government need to seize smart energy and energy efficiency opportunity - The National Infrastructure Commission's advice on energy priorities highlights several opportunities for improving how electricity demand and supply could be better forecast and balanced in the future. NEA will stress that NICs work must benefit domestic customers and build on successful trials such as those under the Low Carbon Network Fund (LCNF) or the Network Innovation Allowance (NIA). This could be critical in galvanising DNOs, local authorities and other private sector partners to lead on city-wide domestic retrofit projects and help accelerate the UK Government's fuel poverty commitments in England over the next 14 years as well as support the other UK nations to meet their own statutory fuel poverty targets.



Addressing barriers to access EU Structural Funds - The Welsh Government have an area-based programme that receives substantial EU funding. Whilst EU funds can be leveraged into energy efficiency schemes in England, they can be very difficult to access as there is a match funding requirement under current schemes (mainly ECO) where the inability to guarantee assistance for very vulnerable, eligible households (who currently contribute to the costs of the scheme but are excluded access) undermines bids or the momentum of other local referral projects. NEA will highlight that the UK Government and obligated suppliers could look to address this issue by activating existing powers which enable the Secretary of State to mandate energy efficiency delivery in specified households by 2018. Whilst this would require new secondary legislation, this should result in a guarantee that low income pensioner households with long term illnesses which would be exacerbated by cold home and low income households with disabled children can access boiler repairs and replacements. This in turn would address the most significant barrier to accessing current EU Structural Funds and encourage co-funding from a range of local sources of funding.