

# Sustainability Committee

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## Paper from e-on UK on fuel poverty in Wales

### Background

E.ON UK is one of six major energy suppliers in the UK and has about 90,000 customers in Wales. E.ON is very conscious of the impact of rising prices on our customers who are on low incomes and is committed to playing its part, together with Government and other organisations, in tackling fuel poverty. We have put in place a range of measures to address this issue.

### CERT

We believe that the most effective and sustainable means of mitigating rising prices for low income and vulnerable customers and of eradicating fuel poverty in the longer term is to improve the energy efficiency of housing. This can deliver substantial financial savings on a long-term basis and we very much support the emphasis Government places on this area. The Carbon Emissions Reduction Target (CERT), which came into effect on 1 April 2008 and will run until 2011, is the principal policy driver of energy efficiency improvements in the domestic market. It requires energy suppliers to achieve targets for promoting reductions in carbon emissions in the household sector and at least 40% of savings must be achieved in the homes of a priority group of consumers who are 70 or over or on benefits.

Expenditure on the CERT priority group, WarmFront and the Decent Homes programme will total around £900m each year, with suppliers through CERT playing the largest part in this programme, around £500m each year.

Our CERT programme includes free cavity and loft insulation to all customers who are 70 or over or on benefits. Both these groups include a significant proportion of fuel poor customers (particularly as households which have been insulated are less likely to be fuel poor). We estimate that CERT measures for priority group customers will amount to over 60% of the programme cost.

CERT will also provide an incentive to offer solid wall insulation or ground source heat pumps to households off the gas network, which is particularly relevant to the fuel poor living in rural areas.

We expect the majority of our CERT measures to go to our own customers, with our customers in Wales having the same opportunity as our other customers.

Although we have been unable to agree a HeatStreets programme with a local authority in Wales, we have been working with the United Welsh Housing Association. (HeatStreets seeks to pull in all sources of finance to support, in conjunction with the local authority, street by street contact with householders in more deprived areas to take up insulation and other CERT measures) Through this association we have installed via our contractors 115 measures (mixture of filled cavities and lofts), saving 1.742 GWh of energy.

In addition we have so far distributed in Wales 675,000 low energy light bulbs and provided 41,000 PowerDowns (a device which switches off peripherals connected to a desktop computer).

### Social Programmes

E.ON has in place social tariffs and assistance programmes to provide additional support for low income and vulnerable customers.

Elderly customers can be particularly vulnerable to fuel poverty and our Staywarm tariff (which enables customers to fix their energy expenditure for the year ahead regardless of consumption) and our partnership with Age Concern are predominantly focused on the elderly. All vulnerable customers are encouraged to call our "Caring Energy" helpline, which provides a benefits entitlement check as well as energy efficiency advice and which also manages referrals to our hardship fund.

Our Staywarm programme provides several hundred pounds of support to customers on benefits in circumstances where their high usage would otherwise make them ineligible for the standard Staywarm price (which varies by number of bedrooms, occupancy and region of the country). We have about 1,750 customers in this group who live in Wales.

Our Age Concern product reaches more customers, but the financial benefit is smaller, equivalent in value to the extra heating costs of each day in winter that temperatures fall below zero, with double payment for customers who are 80 and over.

In addition to these benefits we do shield vulnerable customers from price increases. Our recently announced price increase effective from 8 February did not take effect for our Age Concern or our prepayment meter customers until 1 April 2008.

Our Caring Energy helpline provides advice to vulnerable customers, with the greatest potential benefit to fuel poor customers arising from encouragement to take up CERT offers (see below), referral to the Government's Home Energy Efficiency scheme and a benefit entitlement check (which can lead to a £1000/year additional income).

The Chancellor announced in the Budget that he wanted energy companies, who, he said, currently spend around £50 million a year on social tariffs, to increase this to at least £150 million a year over the period ahead. We are talking to the Government about this but these discussions have yet to be concluded.

## **Joint supplier initiatives**

One of the most challenging issues in tackling fuel poverty is to identify and reach vulnerable customers and to interest them in the wide range of support provided by suppliers and government agencies. E.ON, together with other Energy Retail Association members, has supported a joint mailing initiative with the Department of Work and Pensions to over 300,000 households in England in the last two winters. If review of the 2008 mailing proves it to have been the success indicated by early results, we would support extension to all households with customers who are 70 and over, including those in Wales.

E.ON UK  
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