

A code of practice to help fuel-poor customers

April 2008



- 1 Customers of Scottish and Southern Energy are deemed to be living in fuel poverty when 10% of their disposable income is used to heat and light their home. There are three determining factors that may lead to a household being in fuel poverty: a low income; poor energy efficiency of, and within, homes; and energy that is difficult to afford. This Code of Practice is designed to ensure that, in addition to discharging effectively responsibilities to improve the energy efficiency of homes under the Carbon Emissions Reduction Target and to providing a range and quality of 'priority' services, SSE's voluntary programmes of assistance are coherent and credible and make a genuine difference for fuel-poor customers.
- 2 Suppliers are responsible for procuring energy on behalf of their customers, delivering efficiently services to their customers and for the prices which they charge for electricity and gas, although this is largely influenced by international wholesale markets. Prices are the factor over which suppliers have greatest influence, and so those who charge most for electricity and gas should contribute most to help vulnerable customers. SSE will aim to be the last (or one of the last) of the majority of energy suppliers to increase prices if it has to, and the first (or one of the first) to lower prices if it can. At a time of sustained rises in wholesale energy prices and other upward pressures on domestic prices, SSE aims to protect its customers from the worst effects.
- 3 It is poor households who are most in need of the lowest possible prices for electricity and gas. For this reason, SSE's 'social' tariff which is offered to fuel-poor customers will always be the lowest cost tariff that is made available by it to any type of customer. This will ensure that the lowest-cost tariffs are available for the customers who have most difficulty in paying their energy bills.
- 4 In a competitive market suppliers offer different prices, but the average UK direct debit tariffs ('dual fuel', electricity and gas) provide a benchmark against which prices can be measured. For this reason, in addition to ensuring that the 'social' tariff is the lowest cost tariff made available to customers, SSE will also ensure that any such tariff is lower than the average UK direct debit tariff for both dual and single fuels.
- 5 In the absence of data that will allow suppliers to target their efforts more effectively, SSE will commit to review each year at least one third of customers likely to be vulnerable to fuel poverty including those who are on the priority services register including those with excessive levels of debt to ensure they are taking advantage of the best SSE tariff available and are in receipt of the most relevant energy efficiency advice. Further opportunities to use customer information to better target households most in need of help will be continually reviewed.

- 6 SSE recognises that fuel-poor customers are different people with different needs. For example, many customers who have pre-payment meters (PPMs) use them because they have low incomes or have had difficulty in paying their bills. SSE therefore, offers a variety of ways of helping poorer households such as 'social' tariffs (see above), charitable donations, donations to trusts, reducing surcharges for PPMs, targeting energy efficiency support over and above CERT obligations, bespoke services for vulnerable customers, work with advocate organisations and community-based programmes.
- 7 Just as fuel-poor customers are different people with different needs, it is also the case that they need help from different organisations. Sometimes that will be their supplier; at other times, it will be a public sector organisation or a non-governmental organisation. Working in partnership to find and help the most vulnerable customers is crucial and as part of their effort to help them, SSE will commit specific and bespoke resources to working with other organisations to ensure that help is most effectively targeted.
- 8 Budget 2008, delivered on 12 March 2008, marked the start of a revised approach to helping fuel-poor customers, and it is from that date that SSE believes suppliers' efforts to help fuel-poor customers should be scrutinised and measured. The efforts of the energy industry as a whole will be measured on the basis of customer numbers. However, SSE believes measuring that effort on the basis of domestic energy supply turnover is a better quality

indicator as it ensures factors such as price and energy efficiency are taken into account. Therefore in practice, by the 31st March 2011, SSE's efforts will have reached 0.65% of the annual turnover of SSE's domestic electricity and gas supply businesses.

- 9 Suppliers must not simply help fuel-poor customers: they must be seen to really help them. For this reason, their activities to help fuel-poor customers should be the subject of tough and independent monitoring and analysis. Subjecting their efforts to this analysis, and thorough and public scrutiny of suppliers' performance, will be a spur to excellence in support for fuel-poor customers. SSE will welcome a tough and open approach to judging the efforts of all of the UK's energy suppliers to help the fuel-poor.
- 10 In addition to external independent analysis of SSE's efforts alongside other suppliers in the UK energy industry SSE will appoint an independent adviser with relevant expertise on issues relating to fuel poverty. This will help ensure that the interests of fuel-poor customers are represented at the highest level of SSE's management team. As part of the transparency and accountability that suppliers should demonstrate generally, this adviser will conduct an annual analysis of SSE's performance against this Code.

Finally, SSE aims to be at the forefront of industry efforts to help Britain's fuel-poor customers. As a result we will keep this Code of Practice under six monthly review in order to ensure SSE's initiatives to help the fuel-poor remain as progressive as they can be.

For further information please contact:

Scottish and Southern Energy plc

Corporate Affairs
Inveralmond House
200 Dunkeld Road
Perth PH1 3AQ
UK

T: +44 (0)1738 456000

E: info@scottish-southern.co.uk

W: www.scottish-southern.co.uk

Registered in Scotland No. 117119