



ScottishPower

Corporate Office

Mr Mick Bates AM
Chair, Sustainability Committee,
National Assembly for Wales,
Cardiff Bay
Cardiff
CF99 1NA

Your ref

Our ref

Date

2nd April 2008
Contact/Extension

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Dear Mr Bates,

Sustainability Committee Meeting of 10 April 2008: Evidence Session on Fuel Poverty in Wales

Thank you for your letter inviting ScottishPower to provide written evidence of the work we carry out to combat fuel poverty in Wales.

Although addressing fuel poverty is ultimately a Government responsibility, ScottishPower recognise that we have an important role to play in assisting the delivery of key aspects of the policy. As an energy supplier we are in close contact with consumers, both in selling them energy and in operating energy efficiency programmes and this gives us a helpful perspective as well as opportunities to help.

In the current climate of increasingly higher energy prices, some customers, including some of the most vulnerable, find it difficult to achieve affordable warmth. ScottishPower is committed to playing its part with Government in helping to combat fuel poverty. We have undertaken a number of initiatives in this area which involve improving the housing stock, implementing social tariffs, providing winter rebates to vulnerable customers and establishing the ScottishPower Energy People Trust (an independent charity established to help combat fuel poverty in the UK).

ScottishPower are currently holding discussions with the UK Government with a view to establishing how their aspiration of almost trebling the industry's social programmes to £150m a year can be made an effective reality. We believe that a voluntary approach on the basis the UK Government has outlined is achievable and would deliver the best results by allowing suppliers to innovate to find the best solutions. A mandatory social tariff could stifle innovation and prevent the best solutions being found.

ScottishPower Activity

ScottishPower has made its own commitment to provide assistance for vulnerable customers and its efforts in this area include:

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- *Housing Stock.* ScottishPower was the first company to achieve the UK Government's challenging Energy Efficiency Commitment (ECC) target, which was set in 2005. To deliver the required reduction in energy demand, an extensive programme was implemented to improve the energy efficiency of homes across Great Britain.

Over the three year period, half of the energy savings were targeted at people in receipt of state benefits ensuring that those most in need could also benefit. To achieve the target ScottishPower insulated over 150,000 lofts and 270,000 cavity walls and distributed over 5 million energy efficient light bulbs.

- *Pricing.* ScottishPower remains the only GB energy company to set standard prepayment prices for both gas and electricity lower than standard quarterly credit prices. This ensures a good deal for all customers – with an estimated benefit of to them o f c. £11m per annum.
- *Social Tariffs.* Our Carefree Plus Tariff, which was launched on the 1st February 2008, is designed to help our most vulnerable customers save money. The tariff means that eligible customers save up to £112 (inc Vat) on their energy bills per year. All Carefree Plus customers will also be offered a free energy Efficiency Survey to help them save on their energy bills and identify whether they qualify for insulation or other energy efficiency measures, and a Benefits Health Check. Our experience of carrying out Benefits Health Checks through the ScottishPower Energy People Trust suggest that for every £1 spend, £20 of unclaimed benefit is recovered for customers. As such we have developed this as a key component of our Social Tariff offering.
- *Winter Rebates.* This Winter, we took mitigating action against the impact of retail price increases on our most vulnerable customers. For customers who were on our Carefree Priority Services Register, ScottishPower provided a rebate of up to £31 to offset the effect of the recent price increase until 31st March 2008.
- *Trust Fund.* The ScottishPower Energy People Trust was established in November 2005 to fund not-for-profit organisations that help vulnerable people including families, young people, the disabled and the elderly who need to spend more than 10% of their income on energy bills, So far, the Trust has awarded £3.57 million to 87 projects across Britain, assisting over 215,000 individuals in over 88,000 households.
- Six Projects have been sponsored across Wales to a total of nearly £145,000. The Projects have been sponsored involving crisis funding i.e. Rhyl and District Womens Aid, income maximisation and energy efficiency such as the, Isle of Anglesey County Council, Income Maximisation and Energy Efficiency Project.
- *Proactive Approach to Debt Prevention.* Ofgem's 2005 review of energy suppliers' debt and disconnection procedures identified ScottishPower as a market leader in terms of finding innovative ways of helping consumers avoid debt and disconnection. A more recent review part of which was done in collaboration with energywatch, concluded that since Ofgem's last review in 2005

there has been an increased focus by all suppliers on debt and disconnection issues.

- *Community Liaison Officers (CLOs)*. We offer targeted and detailed face-to-face advice to customers through our unique network of CLOs. Thirteen dedicated staff represent ScottishPower within the community, assisting customers and providing training across the business, including how to identify and deal with vulnerable customers. ScottishPower's CLOs undertake around 7,500 customer visits, the majority of which will have included providing energy efficiency advice.
- *Clear Information on Savings*. ScottishPower has launched a 'Savings Challenge' to encourage existing customers to ensure that they are on the company's best deal. Over 80% of ScottishPower customers could pay less by making simple changes to their energy account such as changing payment method.
- *Home Heat Helpline*. ScottishPower currently supports the national Home Heat Helpline, an independent free telephone service that offers help and advice to people struggling to pay their energy bills. The helpline can assist vulnerable people in a number of ways, including providing advice on:
 - Identifying grants that are available to make homes more energy efficient
 - Alternative payment methods;
 - Accession a priority service team in each supplier to provide specialist advice
 - Linking with other support agencies
- *Groups Supported/Represented within*. ScottishPower support a number of the national charities involved in eradicating fuel poverty, including the Welsh Fuel Poverty Forum.

I trust that you find the information above helpful and I look forward to representing ScottishPower at the Committee meeting on 10th April.

Yours sincerely



Ann Loughrey
Head of Corporate Responsibility
ScottishPower