

# Sustainability Committee

SC(3)-22-09 (p6): 26 November 2009

## Sustainability Committee - Written Submission from EDF Energy

EDF Energy outlines in this submission to the Sustainability Committee our activity to support our customers living in or at risk of fuel poverty, including our customers in Wales. We have around 5.5 million customers in the UK, predominantly in London and the South of England, and around 22,000 residential customers in Wales.

### EDF Energy's Social Commitments

In 2008, EDF Energy launched 'Our Social Commitments', which demonstrate our genuine commitment to the social well being of our customers, our partners, our employees and the communities in which we work. These include a number of pledges to support our most vulnerable customers as we commit to:

- Being the first energy supplier to commit to offering a discounted tariff to our most vulnerable customers until 2012, and to allying this to a package of support including the offer of a benefit entitlement check.
- Being the first energy supplier to make a five year commitment to continuing to support our Energy Trust Fund until at least 2012. We established this Trust Fund, an industry first, which others have now emulated, in 2003.
- Helping our most vulnerable customers to reduce their energy bills by ensuring that they have access to free energy efficiency advice and practical measures to reduce their energy usage.

These commitments allow us to maintain our industry leading work to support our most vulnerable customers.

### EDF Energy's discounted tariff for vulnerable customers

EDF Energy was the first energy supplier to develop a discounted tariff for customers likely to be living in fuel poverty in 2006, Energy Assist, which offers customers our lowest enduring tariff in any region, and which is open to customers in receipt of income support, or pension credit, or otherwise spending more than 10% of their income on energy bills.

We currently have 401 customers in Wales benefiting from this tariff, around 2% of our customer base, and they will receive our direct debit price, regardless of their payment method, plus a further £37.50 per fuel per year.

### The EDF Energy Trust

Since 2003, EDF Energy has donated over £12 million to the independent Fund to make awards to over 14,000 customers in serious household debt, including 66 Welsh customers with an average award of £793 each.

### The supplier Voluntary Commitment

In April 2008, all energy suppliers agreed with the UK Government that we would voluntarily increase the level of spend on initiatives to support our customers in, or at risk of fuel poverty to a total of £375m between 2008 and 2011. For EDF Energy this will mean spending over £40 Million over the next three years, although we already estimate that we will be exceeding the agreement in the current year.

Whilst Government has agreed that this funding can be spent on a range of initiatives, EDF Energy is focusing on tariff relief to our most hard pressed customers to get through a particularly difficult period, when other cost pressures combine with the impact of energy bills.

In 2008/09, Ofgem's report on this activity showed that EDF Energy exceeded by 10% the spend we had agreed to contribute, as we saw a 100% increase in the number of customers on our discounted tariff. We spent £11.6 million on our various initiatives.

### Prepayment Customers

Although there are additional costs to offering prepayment as a method of payment to customers, EDF Energy was the first energy supplier to align this cost to our standard prices for electricity customers in 2005. Since the 2<sup>nd</sup> of October 2009, we have also equalised our gas prepayment prices to those charged to customers paying by cash or cheque, so EDF Energy customers electing to use a prepayment meter now pay no additional charges for this.

### Targeting the 'hard to reach'

The UK Fuel Poverty Strategy's '6<sup>th</sup> Annual Report' highlights that 50% of those living in fuel poverty are aged over 60, and EDF Energy has therefore developed a partnership project with WRVS to try to target help to such households. The WRVS is an ideal partner as an organisation working with older people in the community or in their own homes delivering the 'meals on wheels' service.

We are funding a post within WRVS to work with WRVS volunteers throughout England and Wales where we will train them on the issue of fuel poverty and how to signpost the people they work with to the help available including discounted tariffs, energy efficiency and ensuring that people are receiving all the benefits they are entitled to. In the first few months, the postholder has already trained volunteers in Cardiff, Newport and Bangor to allow them to assist the older people that they work with in those areas.

### **Carbon Emissions Reduction Target (CERT)**

EDF Energy has made significant contributions towards improving the energy efficiency of domestic households in Wales. In particular, since the start of the CERT period, we have invested over £3 million on insulation measures in the homes of Welsh consumers, and 84% of that spend has been on free insulation measures for households on benefits or aged 70 and above (The Priority Group). This signifies that, to date, our percentage CERT delivery in Wales exceeds our percentage domestic customer base in Wales by a factor of three, and this demonstrates that Wales has received a good share of our funding to date relative to our market size.

### **Community Energy Saving Programme**

Another opportunity for Wales is the introduction of the new Community Energy Saving Programme (CESP) and EDF Energy are developing detailed plans at present, in preparation for which, we wrote to all Welsh local authorities in May of this year inviting responses for potential CESP funding. We are in discussions with a number of Local Authorities based on their responses.