

Sustainability Committee Meeting Evidence session on fuel poverty in Wales

Note by E.ON UK

Thank you for the opportunity to provide an update on our actions to tackle fuel poverty.

Since our last meeting on 23 October 2008, there have been a number of developments involving E.ON:

- Changes to our social products
- 2008/9 Voluntary spend on 'social assistance'
- Data sharing
- Carbon Emissions Reduction Target
- Community Energy Savings Programme
- Price changes

Changes to our social products

On 1 December 2008 we announced the launch of WarmAssist, a new product introduced as part of our commitment to helping the government tackle fuel poverty. WarmAssist has been developed to provide sustainable support to our most vulnerable fuel poor customers, who are aged 60 or above and in receipt of Pension Credit, Disability Living Allowance¹ or Attendance Allowance, or have a high energy consumption arising out of a medical condition¹, by offering a 15% discount on our standard electricity and gas prices. As we believe the long term solution to fuel poverty is improvements to the thermal efficiency of properties, we are asking customers to work with us by agreeing to have loft and cavity wall insulation measures installed where it is possible.

In February 2009 we launched a prepayment meter version of WarmAssist.

As at the end of September 2009 there were a total of 222 customers in Wales on our WarmAssist tariff, which represent 5% of the total customers on WarmAssist.

2008/9 Voluntary spend on 'social assistance'

We increased our spend on social assistance to £20.1m in 2008/9. Compared to the other main energy suppliers, we had the second highest spend per customer account on our social programme in 2008/9².

¹ And low income (at our discretion)

² Ofgem "Monitoring suppliers' social programmes 2008/09", 18 August 2009.

	2006/7	2007/8	2008/9
<i>StayWarm social – customers</i>	<i>10,373</i>	<i>26,833</i>	<i>25,020</i>
<i>WarmAssist - customers</i>			<i>1,877</i>
StayWarm social - £	£4.4M	£10.5M	£15.6M
WarmAssist - £			£0.04M
Age Concern cold weather payments	£1.6M	£2.1M	£3.6M
Trust funds, partnerships, other initiatives	£0.54M	£0.6M	£0.8M
Total	£6.54M	£13.2M	£20.1M

Approximately £1.5m (7%) of this spend goes to customers in Wales.

Data sharing

We continue to work closely with the Department for Work and Pensions and the Department of Energy and Climate Change on proposals for the Energy Costs Support Scheme, under which a group of Pension Credit recipients will receive a one-off credit to their electricity bill. We are committed to this scheme as a trial to assess the role data sharing could play in future fuel poverty plans.

Carbon Emissions Reduction Target

The proposed 20% increase in the Carbon Emissions Reduction Target (CERT) for 2008 to 2011 came into effect on 20 July 2009, and will take the total investment for the period to £3.4bn.

The Government has proposed to continue with a measures-based CERT obligation until December 2012, with an energy supplier target at least equivalent to that under CERT including the 20% increase, and will consult on this around the end of 2009.

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.

So far under our CERT programme the proportion of professional insulation activity within Wales is in line with the proportion of E.ON customers. This has been delivered through direct contact with E.ON customers as well as working with a number of Local Authorities and Registered Social Landlords. Recently we have also launched a trial with five Age Concern Wales outlets to work with their local communities to drive energy efficient activities specifically within the vulnerable sector.

In addition within CERT we have so far distributed over 325,000 low energy light bulbs and provided over 18,000 PowerDowns (a device which switches off peripherals connected to a desktop computer) in Wales.

Community Energy Savings Programme

The introduction of the Community Energy Savings Programme (CESP), which came into place on 1 October 2009 and runs to 31 December 2012, provides a complementary route to CERT to help address the energy efficiency of some of the most vulnerable households. Area based schemes under CERT have been very effective at addressing the energy efficiency of houses with cavity walls, CESP is structured to address the harder to treat properties.

CESP rules set out the areas where activity is allowed to be undertaken and a number of incentives which reward:

- harder and more intrusive measures such as solid wall insulation
- treatment of the whole house with cost effective energy efficiency measures
- working across the whole community

CESP should help inform the UK Government's longer term Heat and Energy Savings strategy which it consulted on earlier this year. E.ON looks forward to working in conjunction with Local Authorities and local community groups to deliver and learn from this trial.

E.ON welcomes the effort the Welsh Assembly have put in to helping energy companies link up with Local Authority projects. E.ON has received a number of proposed schemes and is currently evaluating these.

Price changes

We decreased our electricity prices nationally, by an average of 9%³ in March 2009. In Wales our prices fell by slightly more than this, an average 10.7%.

We decreased our gas prices by 3.3% across all regions in July 2009.

Graham Kirby
16.11.09

³ All price change percentage figures based on OFGEM Average consumption