

Group News

All Party Parliamentary Fuel Poverty & Energy Efficiency Group Meeting

19 April 2017, 4pm, Committee Room 15, House of Commons

A vulnerable customer update with Ofgem

Confirmed speakers:

Chair: Rebecca Harris MP, Co-chair, FPEEG

Meghna Tewari, Head of Consumer Vulnerability Strategy, Ofgem

FPEEG will next meet on 19 April 2017 at 4pm to discuss energy market regulation and its impact on vulnerable customers. Ofgem, the government regulator for energy markets and consumers in Great Britain, will attend to outline how recent changes are designed to make the market work better for those in, or at risk of being in fuel poverty.

Particular policy points of discussion will include:

- Prepayment meter cap
- Principle-based regulation
- Future retail regulation

As we are keen for the event to be a two way discussion between regulators and those in industry, we will open questions and discussion to all areas of the energy market affecting vulnerable consumers.

Please email ben.sayah@nea.org.uk if you would like to attend.

House of Commons Debates

Debate on Energy Prices in the House of Commons

On Thursday 16th March MPs debated a motion on energy prices in the House of Commons. The motion initially called for Government to consider "that many people live busy lives and that expecting people to switch their energy supplier may not always be a high priority". Ex-Cabinet Office Minister John Penrose called for a relative price cap that would limit the difference between suppliers standard variable tariff 6% above its cheapest discount deal. Prime Minister Theresa May also said that encouraging consumers to switch alone was not enough to keep energy prices down. "Our party did not end the unjust and inefficient monopolies of the old nationalised energy corporations only to replace them with a system that traps the poorest customers on the worst deal".

Adjournment Debate on Fuel Poverty

Conservative MP Paul Scully has held an adjournment debate on fuel poverty. Jesse Norman welcomed the recent decision by Ofgem to announce a cap on the amount suppliers can charge prepayment meter customers, which takes effect from April. The Minister also cited the new regulations coming into force which will seek to extend the Energy Company Obligation' (ECO) to September 2018. He also noted that the Government has made a commitment to insulate 1 million homes over the course of the current Parliament.

Government held annual Fuel Poverty Debate on progress towards EPC targets

The Government have held their first annual fuel poverty debate as is a statutory requirement of the government's progress towards its EPC targets. Interventions from opposition Secretary Rebecca Long-Bailey welcomed the debate and called for local strategies to be developed across the UK. Other members including FPEEG Co-Chair Caroline Lucas MP made members aware of consensus behind making domestic energy efficiency a national infrastructure priority.

Policy Update

Standard variable tariff cap would cut bills by £90

Analysts at Bernstein have said an Ofgem imposed standard tariff cap would save customers up to £90 per year, while collectively costing the big six firms £1.7bn per year. In new research issued earlier this month, Bernstein suggested that "Applying a cap to those on the Warm Home Discount would seem the most likely option. In this scenario all parties win as the government gets credit for the intervention but there isn't a big detrimental impact on the profits of the companies or on competition". But analysts assumed the profitability impact would not be permanent, as market players align their hedging strategies against the cap 12 months ahead of its imposition.

Cuts to small generator costs could lead to increase in energy bills

Subsidies paid to small power stations and generators may be cut by Ofgem as a consultation document proposes reducing payments. Payments - typically provided gas and diesel generators - could be reduced from around £45 per kilowatt produced to £2 per kilowatt. Consumer groups have responded by suggesting that any increase in costs of generation would eventually be felt by consumers who receive their energy from these companies. The suggested proposals would be phased between 2018-2020.

Lowest level of supplier complaints in three years

Data released by Ofgem has shown energy complaints fell by 32%, with the number total complaints drop from 5 million in 2015 to 3.5 million in 2016.

Welsh Government investment in local authority energy efficiency

The Welsh Government have announced its intention to invest £7million to help local authorities become more energy efficient and reduce carbon emissions. The approved funding brings the total investment of the Green Growth Wales initiative to over £14million.

Loyal Pensioners and families losing out with higher energy costs

Energy consumer findings have been released showing that energy firms are doing too little to help loyal customers on the standard variable tariff, abuses which may be costing low income families as much as £250million a year.

Some customers wrongly told to pay to switch at the end of their contract

Prompted by their own findings MoneySavingExpert.com have put in a complaint to Ofgem after revealing that some consumers are being wrongly informed by their energy suppliers that they must pay an exit fee to switch. Current regulations state that if a customer is within 49 days of their contract ending they do not have to pay the fee and can switch to a different supplier without cost. In reply Ofgem Senior Partner for Consumer and Competition, Rachel Fletcher said "we are concerned that consumers are potentially being misinformed about their right to switch fee-free... we are following this up with all suppliers as a matter of high priority, and will work to make sure action is taken where it's needed".

Smart Meter Glitches

This month a number of SSE customers came forward after they were being incorrectly quoted by their in-home display. Due to a system error several customers were informed that they owed thousands of pounds for a weeks worth of use. "We're aware of a small number of SSE customers seeing inaccurate information on their in-home display as a result of an issue with a routine software upgrade carried out last week. Customers should rest assured that their billing is completely unaffected as the technical issue only affects the digital display in their home, as opposed to their actual smart meter".

E.ON price announcement

E.ON has stated that they will increase its standard variable dual fuel prices from Wednesday 26th April 2017. On average electricity prices will rise by 13.8% and gas prices by 3.8%. E.ON stated that this was the first such increase in three years, and will send more than 3 million letters to its customers to inform them of the increase and potential cheaper tariffs.

Fuel Poor Network Extension Scheme amended by Ofgem

Recent changes have seen eligibility criteria to the Fuel Poor Network Extension Scheme amended. The programme sees off gas grid households switch to natural gas by offering them funding towards the cost of connecting to the gas network. The changes will take effect from 1st April 2017.

Joint letter calls for Secretary of State to do more on energy efficiency

Over 30 energy efficiency, heat, and construction companies have signed a joint letter to the BEIS secretary of state, Greg Clark, to do more for domestic energy efficiency. The letter cites the end of the Green Deal, the government's home insulation scheme and end to the Zero Carbon Home standard as the reason for its intervention and concern.

Energy Priorities following Article 50

Energy UK has outlined their key priorities following Theresa May's letter to President of the European Council Donald Tusk initiating Great Britain's intention to leave the European Union. They cite their chief concerns as: Minimising domestic policy uncertainty in order to encourage continued investment, facilitate efficient trading of power and gas over the interconnectors to enhance security of supply, promote competition and reduce costs by sharing available resources and capacities, ensure access to supply chain products free of tariffs and non-tariff barriers, maintain liquidity in both electricity and gas markets and Ensure access to a skilled and mobile labour force.

Reports

BEIS publishes long awaited Whole Systems Impact report

While avoiding publishing headline figures on the cost of different technologies over time, the report does explore a theoretical framework of how to think about technologies' whole system impacts and their drivers.

[You can read the full report here.](#)

In the News

MP's call for action on fuel poverty

South Wales Argus (Main), 28/02/2017, p.3

More must be done to support people struggling to afford heating bills, Newport East MP Jessica Morden has said. As part of the Warm Homes Campaign run by pressure group National Energy Action, the Labour MP has applauded work carried out in Wales to support those unable to afford to heat their homes, but equally stressed the need for Government to be doing more to help households.

Funding for small energy plants to plummet under Ofgem plan

The Telegraph, 01/03/2017

<http://www.telegraph.co.uk/business/2017/03/01/funding-small-energy-plants-plummet-ofgem-plans/>

Energy complaints fall by a third in 2016

Ofgem press release, 02/03/2017

<https://www.ofgem.gov.uk/publications-and-updates/energy-complaints-fall-third-2016>

Switch hitch: Ofgem to look into improper exit-fee allegations

The Guardian, 06/03/2017

https://www.theguardian.com/money/2017/mar/06/switch-supplier-ofgem-improper-exit-fee-allegations-npower-british-gas-eon?CMP=share_btn_tw

Big six energy provider E.ON has said it will increase its dual fuel standard variable tariffs by 8.8% from next month

BBC News, 07/03/2017

<http://www.bbc.co.uk/news/business-39192297>

How to beat UK energy price rises - As SSE becomes the latest – and last – of the big six to hike prices we show the best ways to reduce electricity and gas bills

The Guardian, 13/03/2017

<https://www.theguardian.com/business/2017/mar/13/how-to-beat-uk-energy-price-rises-reduce-bills-switch-capping>

Energy companies ‘ripping off’ millions, ministers say

The Guardian, 13/03/2017

https://www.theguardian.com/money/2017/mar/12/millions-overpaying-energy-bills-admits-ministry-big-six?utm_content=50694213&utm_medium=social&utm_source=twitter

How free market helped big six energy firms to rack up huge profits

The Observer, 12/03/17

https://www.theguardian.com/money/2017/mar/12/big-six-energy-rip-off-competition-parliament-caroline-flint-john-penrose?CMP=share_btn_tw

Customers to pay £70 more after SSE raises electricity prices

The Times (Scotland) (Main), 14/03/2017, p.17, Emily Gosden

Keith Robson, chief executive of Age Scotland, said: "Over half of single pensioners and over four out of ten pensioner couples currently live in fuel poverty in Scotland. This price hike... will increase further the cost of keeping warm for tens of thousands of older people."

Theresa May steals Labour policy by vowing to tackle spiraling energy prices - Prime Minister echoes Ed Miliband by admitting ‘the market is not working as it should’ – hinting cap to be announced soon

The Independent, 17/03/2017

<http://www.independent.co.uk/news/uk/politics/theresa-may-labour-party-policy-energy-prices-tariffs-spiral-rises-tackle-tory-spring-conference-a7635161.html>

Gill Furniss: Cuts that leave vulnerable out in the cold

Yorkshire Post (Web), 22/03/2017, Gill Furniss

<http://www.yorkshirepost.co.uk/news/opinion/gill-furniss-cuts-that-leave-vulnerable-out-in-the-cold-1-8453967>

Energy price cap implications ominous, former regulators say

BBC, 23/03/2017

<http://www.bbc.co.uk/news/business-39356669>