

# FUEL POVERTY & ENERGY EFFICIENCY



## NEWSLETTER | SEPTEMBER 2017

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### MEMBERS UPDATE

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#### Fuel poverty in your area

If you are interested in receiving your constituency's fuel poverty statistics or a breakdown of activity happening locally please get in touch with the [secretariat at secretariat@fpeeg.org.uk](mailto:secretariat@fpeeg.org.uk).



#### Save the date

Below is a breakdown of upcoming FPEEG events, please get in touch for more detail.

**EEIG Frontier Economics launch report on 'Affordable Warmth, Clean Growth'**  
**Monday 16th October 2017**  
**Strangers Dining Room, 4-6pm**

FPEEG has teamed with the PRASEG (All Party Parliamentary Renewables and Sustainable Energy Group) and the APPGIE (Intelligent Energy All-Party Group) to launch the latest Frontier Economics report '*Affordable Warmth, Clean Growth*'. Having developed a policy action plan for a comprehensive domestic buildings energy infrastructure programme, the report from the Energy Efficiency Infrastructure Group asks for parliamentarians to support energy efficiency as infrastructure ensuring a host of environmental, economic, and health improving benefits is spread evenly across the UK.

**Showcasing Best Practice Series: Local benefits gained from domestic energy efficiency**  
**Tuesday 14th November 2017, time TBC**  
**Portcullis House (PCH)**

The current scale of fuel poverty in England alone costs health services approximately £3.6 million per day, and in the past four years alone over £5 billion of tax payers' money has been spent treating the morbidity associated with cold homes. Following on the work of the group's '[Prospectus for Universal Affordable Warmth](#)', FPEEG would like to help promote and support action that brings an end to fuel poverty. The first of these events will examine the local benefits gained from domestic energy efficiency schemes. With noted multiple economic benefits from locally based job creation and skills development, to supporting small community based industry from well-administered energy efficiency policies, evidence suggests benefits are more widely felt than simply ensuring a warm home for the fuel poor.

## **Discussing carbon monoxide and domestic gas safety**

**Tuesday 28th November 2017, time TBC**

**The Boothroyd Room**

FPEEG will launch a recent report investigating the relationship between fuel poverty and carbon monoxide (CO) risk in households on low incomes and in vulnerable situations. Over the course of two heating seasons (October to April) in 2015/16 and 2016/17 NEA collected data from 349 households, targeting those on low incomes and with a range of vulnerabilities. The main conclusion to draw from this research is that the factors which cause or expose households to the risk of fuel poverty – low income, poor quality housing and the age and health of occupants – can impact on the heating and servicing behaviours of households to elevate CO risk in homes. This research aims to better understand the relationship between fuel poverty and CO risk in households on low incomes and in vulnerable situations

If you are interested in attending or finding out more please get in touch with the secretariat at [secretariat@fpeeg.org.uk](mailto:secretariat@fpeeg.org.uk).

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### **BEIS QUESTIONS**

#### **Business, Energy and Industrial Strategy Questions**

Deadline Wednesday 1st November 12:30pm

Session Tuesday 7th November at 11.30am



## **POLICY UPDATE**

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### **Forthcoming Budget: Calls for a national boiler scrappage scheme**

In advance of the forthcoming Budget, fuel poverty charity National Energy Action (NEA) has called on HM Treasury to introduce a national boiler scrappage scheme providing emergency assistance to low-income households. NEA recently carried out new research to assess the extent of support within the energy industry and wider stakeholders for households with condemned appliances and to develop a protocol for safeguarding domestic customers identified as vulnerable following a gas disconnection. This complemented industry research which identified as many as one in six British homes may be living with an unsafe gas appliance. The incidence of gas boilers being condemned and failing to be replaced has increased significantly in recent months and thousands of low-income and vulnerable households are facing a winter without any effective space heating or hot water. This situation is scheduled to become more acute as engineers visit millions of homes and will have to turn off any unsafe gas appliances as part of the GB-wide smart meter roll-out. NEA is making the case that the upcoming Budget provides a vital opportunity to address this worrying gap in support. They argue a new and additional policy will reduce cold-related ill health and winter deaths, lower NOx emissions to help improve air quality, avoid acute risks such as carbon monoxide poisoning and potentially save millions of tonnes of carbon emissions a year. The initiative would also help stimulate local growth and wealth creation as local contractors could be used to install or repair the broken gas appliances. NEA also cites the strong and growing case for domestic energy efficiency to be regarded as a hugely important infrastructure priority. This would help the UK government meet statutory fuel poverty and carbon targets and more generally reduce the cost to energy consumers of the transition to a low carbon energy system as well as creating economic growth in all parts of the UK. For more information contact [peter.smith@nea.org.uk](mailto:peter.smith@nea.org.uk).

### **Ofgem could introduce price cap in January, according to reports**

Ofgem will expedite the launch of an energy price cap for vulnerable households by publishing a consultation on the issue by the end of September, according to reports. Last month, Ofgem said it could cap bills for some of the most vulnerable households, as part of a broader package of measures to help consumers. It is thought that this

would take the form of an extension of the cap of prepayment meters to two million other vulnerable consumers. Ofgem has said it could bring the 'safeguard tariff' into place by early 2018. "We plan to publish a fast-track consultation at the end of next month on our preferred option of introducing a safeguard tariff for vulnerable customers early next year," an Ofgem spokesman said, according to Reuters. Ofgem are yet to make any formal announcement.

Diluting EU energy standards could mean £90 on electricity bills, according to report Diluting energy efficiency standards after Brexit could add £90 to household electricity bills and increase annual electricity consumption by 3.5%, according to research from the Energy and Climate Intelligence Unit. Scrapping energy standards on domestic appliances could lead to an influx on less efficient models outside the EU, which would in turn lead to higher costs, according to the report, which can be read here. Commenting on the news, Dr Jonathan Marshall, energy analyst at the think tank, said: "Once outside the EU, Britain will be able to set its own standards on the efficiency of our fridges and hoovers, but heeding calls to throw current standards on a regulation bonfire could leave UK homeowners with an unexpected hike on their bills."

### **Latest Brexit position paper published- data protection laws to remain closely aligned with the EU**

The government has published a paper outlining its position on data protection and exchange after Brexit. The paper states that the government will seek to ensure that Britain's data protection laws remain closely aligned with the EU's, and that personal data can continue to move back and forth between Britain and the EU. As part of this, it proposes building on the existing "adequacy model" and ensuring regulatory cooperation.

### **Money Savings expert launches 'Bills Tracker', including electricity bills**

The UK's biggest consumer website [MoneySavingExpert.com](http://MoneySavingExpert.com) is today launching a monthly bills tracker that will measure the rise and fall of the typical costs of running a home. The new index will use official data supplied by the Office for National Statistics (ONS) to create a better picture of how the core expenses faced by families are changing, such as mortgage repayments, electricity, petrol, car insurance and council tax. The first set of figures from MSE's bills tracker show household costs increased by 2.1% in the 12 months to July 2017. While this is lower than the current headline rate of inflation of 2.6%, the new data reveals that core household bills have been rising faster than other expenses - like food and clothing - for the majority of the past 18 months.

### **Smart Meters: Government to remove DCC opt-out**

The government has confirmed it will remove the Data Communications Company (DCC) opt-out, instead extending the DCC's monopoly to the non-domestic sector. The opt-out allowed suppliers to use communications services other than those provided by the DCC for any SMETS2 meters they install at non-domestic premises. However, the government concluded this was no longer appropriate, with evidence suggesting smaller non-domestic consumers were unlikely to benefit from the full range of smart meter services should the opt-out be retained.

### **Energy networks launch joint innovation strategies**

The UK's energy network companies have published plans for developing their first joint network innovation strategies. The plans, announced by the Energy Networks Association (ENA) on Thursday 31 August, outline how the network companies will develop two joint network innovation strategies – one for gas and one for electricity. Each strategy will set out how network companies provide value for money from innovation projects they are undertaking, how they will share lessons learnt from those projects with other organisations, and how they plan to integrate those lessons into their daily operations. The ENA said the strategies will create opportunities for the UK to benefit from new energy technologies, such as battery storage, local renewable generation and low carbon heat sources.

### **Ireland regulator issues final determination for gas price control**

The Commission for Energy Regulation (CER) issued its decision on Gas Network Ireland's transmission and distribution revenues for the five-year period from 1 October

2017, which is known as PC4. CER will allow around €924mn for transmission and €989.6mn for distribution with a weighted average cost of capital of 4.63% in each case. The commission also published its tariff decision alongside the price control determination. As a result of its decisions, the average domestic customer's bill will rise by €2.89, which represents an increase of less than half a percent.



## PARLIAMENTARY UPDATE

### Over 80 MPs sign letter calling for energy price cap

Over 80 MPs have reportedly signed a letter by John Penrose MP calling for a relative price cap on energy prices. Fifty-three of the signatories are thought to be Conservative, and include former ministers such as Iain Duncan Smith. Thirty-five SNP and Labour MPs have also signed the letter, which will be presented to Downing Street after the summer recess in early September. The letter will note that Ofgem's own proposals for a 'safeguard tariff' that will extend the prepayment meter cap to other vulnerable consumers is inadequate. It goes on to note that a "... relative price cap has support from most of the 'challenger' energy firms – the insurgents who are challenging the dominance of the 'big six' incumbents, and providing choice and stronger competition, which benefits consumers...we hope you will work with us and Ofgem to stop this big six stitch-up, and pledge to help the millions of households who Ofgem seem set to ignore." A relative cap would limit the difference between the cheapest fixed-price deal and the more expensive standard variable tariff. The news comes as Ofgem Chief Executive Dermot Nolan said in an interview with the Financial Times, that any wider intervention in the energy market, such as a relative price cap, would need additional legislation from Parliament.

### Labour claim their energy price cap would have saved average consumer £1149 since 2010

Labour has said that their own plans for an energy price cap would have saved the average consumer £1149 since 2010. The party's manifesto stated that a Labour government would introduce a cap to ensure that the average dual fuel household energy bill remains below £1,000 per year. Labour unsuccessfully tried to introduce an amendment to the Queen's Speech which included a commitment to introduce a cap. The move comes as over 50 Conservative MPs have reportedly written to the prime minister calling for an intervention in the retail market.



## REPORTS & STATISTICS

### New heat decarbonisation report published

A new report, commissioned by NEA, on heat decarbonisation and its potential impacts on social equity and fuel poverty, was launched at the charity's national conference in Nottingham on 13 September.

Jenny Saunders, Chief Executive of NEA said: "With an estimated four million UK households living in fuel poverty and progress going in the wrong direction it is vital that we harness the economic, social, environmental and health improvements that will be achieved through meeting our national fuel poverty and carbon targets."

[Heat Decarbonisation: Potential impacts on social equity and fuel poverty](#) can be downloaded by clicking the link.

### Think tank publishes report comparing retail energy markets and lessons for

## the UK

IPPR have published a report that compares the retail energy markets of five countries and analyses what could be applied to the UK market. The report focuses on Germany, Sweden, California in the US and Australia. The report finds that greater switching between suppliers does not necessarily imply greater competition or a decrease in prices, citing Australia and Sweden as examples of this. Furthermore, the report notes that one key area where the UK can learn from other countries is through greater consumer engagement. Indeed, the report finds that the UK was ranked the 3rd/4th most competitive market in the EU for electricity and gas. However, despite this, the level of consumer trust in the retail energy market is very low when compared to other countries, which illustrates the need for better consumer engagement strategies.

### Survey finds high satisfaction with smart meters

A new survey by BEIS, published on Thursday 31st August, has found high levels of customer satisfaction with the smart meter roll-out. Overall, eight in 10 customers (80%) were highly satisfied with the smart meter itself, with nearly nine in 10 (89%) equally satisfied with the installation visit. Pre-payment customers, those who proactively requested an installation, and those who recalled receiving efficiency guidance at the visit were among the most likely to be satisfied and to recommend smart meters. A third (33%) of respondents said increased visibility of energy consumption was the primary motivation for having a smart meter installed, while a further third with pre-payment meters stated they were convinced by being able to top-up in different ways. The survey also found there was a desire for further information on the storage of, and access to, smart meter data (36%).

### BEIS have published smart meter statistics for the second quarter of 2017

A total of 1,058,1002 domestic smart meters were installed by large energy suppliers in the second quarter of 2017 (460,100 gas and 598,100 electricity meters). This is a 3% increase compared to the previous quarter. There are now over 7.683,4 million smart and advanced meters operating across homes and businesses in Great Britain, by both large and small energy suppliers.



## ENQUIRIES & CONSULTATIONS

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### Consultation on Capacity Market rules: Draft indicative amendments published

BEIS has published the draft indicative amendments to Capacity Market (CM) rules. On the 24th July, BEIS opened a consultation on the CM and proposed a number of technical changes to the CM rules. Chief amongst these changes involves amending the de-rating methodology related to storage Capacity Market Units.

## All-Party Parliamentary Fuel Poverty & Energy Efficiency Group

Group secretariat: [secretariat@fpeeg.org.uk](mailto:secretariat@fpeeg.org.uk)  
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