

## National Energy Action (NEA)'s top 10 policy priorities

### 1. Ensure current statutory commitments are met

- I. NEA believes the UK Government must report annually to Parliament on progress to meet fuel poverty targets and this should include reporting on how the Energy Company Obligation is supporting the Welsh Government's fuel poverty targets.
- II. The UK Government must mobilise all relevant departments to deliver the current fuel poverty strategy and reverse the decision to drastically cut the delivery of home energy improvements
- III. In the short-term, Number 10 should instruct BEIS and HMT to work alongside the Committee for Fuel Poverty and the Climate Change Committee to fully investigate the quantum of the shortfall between the level of ambition presented by statutory targets (fuel poverty targets and minimum energy performance standards in the private rented sector) and current and projected delivery rates of existing policies
- IV. In Northern Ireland, establish a new fuel poverty strategy, ensuring that all key departments, organisations and individuals are fully engaged in tackling fuel poverty. Ensure that current and future schemes are effectively targeted at those who need the most support to reduce their heating costs, and any emerging scheme must ensure that the energy justice principles of the Northern Ireland Sustainable Energy Programme (NISEP) are embedded as a key principle.

### 2. Reduce the cost to health services of cold homes

- I. Current examples of good practice locally must be replicated in all parts of the country that should now be applying the recommendations of the NICE guideline
- II. Department for Health (DoH) and Public Health England should meet with BEIS to discuss how to jointly promote information about energy efficiency schemes, for example, as part of flu jab clinics
- III. New powers within the Digital Economy Bill should be accompanied by national guidance to local government and local public sector health bodies on sharing patient level health, income and benefits data so that interventions can be directly targeted at vulnerable and low income patients, at-risk of recurrent GP visits and unplanned hospital admissions due to health conditions exacerbated by living in cold conditions
- IV. Consideration should be given to enacting the legislative framework that exists to enable the Secretary of State to focus delivery of energy efficiency programmes on low income households with cold related health conditions. Until this occurs, previous seasonal funding provided by DoH and PHE should be reintroduced to support resourcing (providing gap funding) for the development of local health referral pathways for energy efficiency interventions and local crisis heating funds
- V. PHE work with DBEIS and DoH to ensure there is ongoing and consistent tracking of existing local health referral schemes. In addition, PHE should work with DBEIS to pool information on the cost of cold-related morbidity and mortality at a local level; recognising this is essential data to drive the business case for the development of local projects
- VI. In Northern Ireland the NICE guidelines on tackling excess winter deaths should be implemented

### **3. Maximise incomes and reduce distributional impacts of energy policies**

- I. The UK Government should respond to repeated calls for the Department for Work and Pensions (DWP) to work with BEIS and the Devolved Nations to fully assess the impact Welfare reforms (and the related changes above) have had on fuel poverty levels across the UK under both the 10% and Low Income High Cost definition in England.
- II. The UK Government should continue to report on the impact of policy cost on bills and include an estimate of how the overall gross contribution of any energy policies, paid for by energy consumer levies, increases the aggregate and average 'fuel poverty gap' for that year. A report estimating how the overall gross contribution of any energy policies which increase the aggregate and average 'fuel poverty gap' is reduced by domestic energy programmes should be produced. In addition the UK Government should assess, and report on, how energy policy costs added to consumer bills will impact on fuel poverty levels in Wales.
- III. Where possible the burden of policy cost on bills should be better balanced between electricity and gas customers. In particular, additional relief should be provided for low income energy customers that are reliant on electricity to heat and power their homes.
- IV. If the Government continues to implement an exemption for Energy Intensive Users from the indirect costs of the Renewables Obligation (RO) and Feed in Tariffs (FiT) schemes these exemptions should be paid for via taxation. This is more progressive as the tax system accounts for differences in income.

### **4. Take further steps to tackle exclusion in the energy market**

- I. The planned database to prompt customers to switch from standard variable tariffs (SVTs) needs to be thought through thoroughly, tested and piloted with non-domestic customers first
- II. The plans to remove the retail market review core tariffs must not lead to a re-proliferation of confusing and difficult-to-compare tariff choices, and Ofgem must step in quickly if this happens
- III. If price comparison websites are not to be required to provide accurate information about the coverage or limitations of the deals they show, as a minimum they must clearly state if suppliers are able to offer government-mandated programmes like energy discounts or support for energy efficiency
- IV. Moving quickly to implement the pre-payment meter price control is welcome (as is action on warrant related charges) but these consumers should not be charged for removing a Pre-Payment Meter (PPM) and will require bespoke advice in order to decide whether they should keep their existing meter or they would benefit from installing a smart meter.
- V. The Big Energy Saving Network (BESN) programme should be expanded until the end of the Parliament to continue to deliver programmes of outreach to low income and vulnerable energy customers
- VI. Moves towards introducing Principle Based Regulation (PBR) must enhance current protections, particular for vulnerable consumers and maintain the current minimum level of safeguards afforded under current licence conditions until the effectiveness of PBR has been demonstrated. Ofgem must also guard against the adoption of PBR leading to an unworkable diversity of interpretations of any future principles
- VII. PBR needs to be taken forward alongside extending efforts to ensure wider coverage of industry protections in this area, NEA specifically refers to the "Energy UK Safety Net" initiative
- VIII. District heating (DH) customers should be billed in a clear and transparent way to ensure they understand how their bill is calculated, know what period their bill covers and how much of their bill

is made up of standing charges. In addition, all heat suppliers should have minimum efficiency standards and a regular maintenance and inspection regime in place. This should include checking all heat meters at least once every two years to make sure users are being billed for the right amount of heat

- IX. All heat suppliers should also maintain a list of vulnerable customers (a Priority Services Register) and ensure that these customers are treated as a priority during periods of system downtime (both anticipated and unanticipated)
- X. Bespoke and targeted advice is required to provide assistance in helping DH consumers controlling their heating and understanding their billing
- XI. Regulate the oil industry both in price and protection of vulnerable consumers, ensuring that consumers have the same safeguards that natural gas and electricity consumers have

## **5. Expand access to the Warm Home Discount Scheme**

- I. The Government should expand access to the Warm Home Discount Scheme by ensuring all energy suppliers are obligated to deliver the core group rebate or pay into industry initiatives from later next year
- II. In the short-term, the Government must also seize the legislative opportunity to extend data sharing powers to provide the automatic electricity discount to all low income families
- III. New powers to share personal data must explicitly state that this is for the purpose of improving the welfare of the individual in question. Whilst this objective is referenced in a general way within the objectives (“the improvement of the well-being of individuals”), it should state explicitly that the aim of sharing the data is to enhance the welfare of the individual in question whose data is being shared

## **6. Ensure current energy efficiency schemes are fit for purpose**

- I. A rural safeguard should be maintained
- II. Access to social housing should be capped and social landlords should also co-fund all measures. Where private tenants are eligible for Home Heating Cost Reduction Obligation (HHCRO) measures under the Energy Company Obligation (ECO), private landlords must pay any capital contributions towards the cost of the measures on behalf of their tenants
- III. The delivery of the eligibility flexibility option within the transition year will require a BEIS led evaluation to determine how well this helped to identify people in the Low Income High Cost (LIHC) definition of fuel poverty.
- IV. The flexibility proposal should be linked to a renewed monitoring framework and a new legislative framework that enables the Secretary of State to focus delivery of energy efficiency programmes on specified types of people most at risk of living in a cold home through secondary legislation so that the most vulnerable households don't miss out on support
- V. The aforementioned monitoring framework should culminate in an annual report produced jointly by BEIS and Department for Communities and Local Government (DCLG) providing an update on the extent to which local authorities in England are fulfilling their current duties in relation to housing standards, enforcement action under the Housing Health and Safety Rating System (HHSRS) and the PRS regulations and undertaking and acting on guidance produced under the Home Energy Conservation Act (HECA).

- VI. The inclusion of DH projects need to be capped and the contribution that ECO plays towards the capital expenditure of a DH project should be limited to co-funding the heating exchanger unit, radiators and control inside the property, not subsidising the cost of installing the network itself
- VII. There is a need to provide adequate installation standards and suitable warranties for heating systems and guarantees for insulation measures
- VIII. Any solid wall minimum should target these measures at fuel poor households or those low income consumers that have an EPC band E or below
- IX. NEA does not support any client contributions as the scheme becomes targeted at those on the lowest incomes. In the short-term, ensuring the scheme administrator actively monitors any requirement for households to make capital contributions towards the cost of any energy efficiency work must be a priority and must be addressed by the start of the transition year in April 2017 with an end date for contributions by March 2018

## **7. Urgently improve conditions in the Private Rented Sector**

- I. BEIS must consult immediately on proposals that put the PRS 2018 band E requirements firmly at the feet of landlords to fund
- II. Enforcement of HHSRS must be increased locally alongside wider local authority action on cold damp private sector housing

## **8. Seize the wider smart energy and energy efficiency opportunity**

- I. NEA urges the UK Government to encourage the National Infrastructure Committee (NIC) to explore priorities which can directly benefit domestic customers as currently not £1 of the annual c. £25 billion UK public infrastructure budget has been spent on initiatives to make homes warmer, healthier and encourage economic growth
- II. The UK Government and industry must continue to prioritise the roll-out of smart meters alongside the in-home display (IHD) to ensure the most is made of opportunities to end estimated bills, estimated energy usage and give households accurate information and advice they understand
- III. These benefits must reach all customers so Ofgem should ensure, through the Smart Meter Installation Code of Practice (SMICOP), that the customer experience for installation provides for extra time for certain vulnerable customer groups to help them understand their new meter and how to get the most out of it
- IV. As we move into a smart world NEA suggests the PSR services should align with vulnerable customers' needs with regard to smart metering. This not only includes ensuring a more tailored installation experience but, if the PSR is to be truly innovative, the service could be linked to Telecare via smart metering
- V. The mass adoption of Time of Use tariffs must not negatively penalise low income and vulnerable households with inflexible energy demand
- VI. NIC's anticipated National Infrastructure Assessment (NIA) must include domestic energy efficiency within the creation of any expert panels and the running of roundtables in 2016/17; any calls for evidence in Autumn 2016 – including "sector evidence reviews", "economic and engineering modelling", and "scenarios" or the Vision and Priorities paper (up to 2050) to be published in summer 2017
- VII. The Network Innovation Allowance (NIA) should draw on the evidence from successful trials under the Low Carbon Network Fund (LCNF), the NIA or NEA's own Technical Innovation Fund (TIF) projects which reduce or defer the costs of network reinforcements through domestic energy

efficiency improvements, battery storage or support city-wide retrofit projects. NEA will share our project evaluation reports and findings of our programme with BEIS and Ofgem and other stakeholders where possible

## **9. Reform and refocus Heat policy**

- I. Draw on the experience of previous schemes and other UK nations to provide an annual ring-fence within the Renewable Heat Incentive (RHI) budget for fuel poor households off the gas network who cannot afford the upfront costs of renewable heat technologies
- II. Offer development grants for feasibility studies and options appraisals for Registered Social Landlords (RSLs) and local authorities, as well as energy services companies set up by these bodies
- III. Support Gas Distribution Network (GDN) led support like the Central Heating Fund (CHF) that can close funding gaps and enable access to energy efficiency measures and other fuel poverty assistance
- IV. Ensure both the CHF and ECO resources provide targeted insulation improvements to properties with new gas connections or off-gas households to ensure they have access to the RHI policy which as noted above requires basic insulation before the household can qualify

## **10. Incentivise network companies to take greater action on fuel poverty**

- I. Ofgem should work with BEIS and the National Infrastructure Commission to share the learnings from trials such as those under the LCNF, the NIA or other relevant projects which are already helping to directly reduce or defer the cost of network reinforcements through domestic energy efficiency improvements or battery storage
- II. Ofgem should continue monitoring the extent to which incentives are driving GDNs to work with partners in identifying whole-house solutions for off-gas properties and require them to install minimum insulation measures alongside new gas connections
- III. Before the next distribution periods, Ofgem should consider increasing the ambition and scope of social obligations funding and update the Stakeholder Engagement Incentives for both electricity and gas networks
- IV. Ofgem should work with BEIS to investigate the extent to which network companies are directly supporting the delivery of the fuel poverty strategy in England and other fuel poverty commitments across GB.
- V. Ofgem should also work with BEIS to investigate the areas network companies can take greater action on fuel poverty. Particular attention should be paid to encouraging a standardised protocol for all GDNs to follow when gas heating appliances have to be condemned due to a gas or carbon monoxide risk

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