



## **About National Energy Action (NEA)**

NEA<sup>1</sup> works across England, Wales and Northern Ireland to ensure that everyone in the UK<sup>2</sup> can afford to live in a warm, dry home. To achieve this, we aim to improve access to energy and debt advice, provide training, support energy efficiency policies, local projects and co-ordinate other related services which can help change lives.

## **Background to this response**

Over the last year, NEA have worked alongside Citizens Advice on a number of issues in order to facilitate better outcomes for fuel poor and vulnerable households in the energy market. This has included:

- Working together closely on the next gas distribution network price control through attendance of Ofgem working groups, resulting in a continuation of the FPNES and a new vulnerability principle within the licence conditions;
- Aligning on some aspects of the targeted charging review so that domestic customers do not face unfair increases in their bills as a result of changes to network charging regimes;
- Using the results from Citizens Advice's "Picking up the Pieces" report in our own advocacy in order to influence Ofgem to alter the supplier of last resort process to better serve consumers.

NEA has also worked with Citizens Advice to facilitate knowledge sharing sessions with the broader NGO community which allow the work done by Citizens Advice to propagate more fully through the set of advocates who can amplify the messages.

## **Our response to this consultation**

Whilst we are generally supportive of the items presented in the draft plan, there are several things that NEA believe require more attention.

### **Ensuring Retails Markets Work for All/Price Protection**

**Whilst the Citizens Advice Draft Consumer Work Plan references social tariffs, this is not in direct relation to the energy market. Bearing in mind that Ofgem will shortly be considering what sort of protection should be in place after the end of the current price caps, NEA believes that Citizens Advice should be clear on its planned advocacy around what future price protection will be needed as it will have a significant and lasting impact on millions of energy consumers.**

The Pre-Payment Cap and the Default Tariff Cap provide relief from unpredictable price increases, greater transparency in the pass through of energy related policy costs and the prospect that bills could fall if input costs drop. For the majority of customers who don't (or can't) engage in the market, this continues to be a positive development, NEA also supported Ofgem's work on the Safeguard Tariffs and was disappointed with its decision to move customers from this form of price protection on to the Default Tariff Cap. This now allows suppliers to charge these customers for the cost of the smart meter rollout, despite the fact many customers have not had the opportunity to benefit from the programme to date. In addition, we are concerned what will happen once the default tariff price cap ends, with many low-income consumers and PPM customers still requiring price protection, especially until the smart meter rollout is completed at the end of 2024.

NEA therefore believes Citizens Advice should be urging Ofgem to consult on the future of price protection to address these issues, complementing an extended Warm Home Discount scheme.

### **Maximising network companies' role in tackling fuel poverty**

The efficiency and cost effectiveness of both gas and electricity distribution networks play a key role in either mitigating or exacerbating fuel poverty levels. Typically, distribution charges accounts for about 15% of the overall electricity and gas bill, costing a fuel poor household c. £400 per year. NEA is reliant on organisations such as Citizens Advice to assess value for money and is pleased that there is a plan to continue doing so. Our focus is supporting the current outputs of RIIO so they lead to tangible outcomes for

low income and vulnerable households, and we believe that this should also be a focus for Citizens Advice. We were delighted that the framework for RIIO GD2 includes provisions for extending FPNES, and a use it or lose it allowance that can be used to support customers in vulnerable situations. In order to capitalise on these decisions. However, there is still much to do. Citizens Advice could assist in our endeavour to ensure RIIO GD2 works best for vulnerable customers by:

- Ensuring that GDN's business plans include a robust target for FPNES connections, taking into consideration changes in the ECO scheme that better incentivise funding for first time central heating. This should allow targets to be set at the higher end of the spectrum.
- Ensuring that GDN's plans for the use it or lose it allowance is focussed on helping the most vulnerable customers, and does not result in the majority of spending going towards a broad carbon monoxide campaign.

In addition to these GDN actions, NEA believes that RIIO 2 presents a significant opportunity to expand the role of DNOs in tackling fuel poverty. In the RIIO 2 framework consultation, we outlined three possible features that RIIO ED2 should have:

- Reforming the current share factors and weighting DSR or demand reduction projects dependent on whether they have a direct social and environmental outcome;
- Reforming the current losses incentive so that DNO/DSOs are incentivised to deliver energy savings within domestic properties by replacing energy inefficient appliances or electric heating;
- Any future innovation funding (Network Innovation Allowances or Network Innovation Competitions) should directly support consumers in the transition to a low-carbon future, particularly those in or extreme risk of fuel poverty.

**As Citizens Advice are already active in this space, we would value a closer working relationship to ensure that our common goals can be met.**

### **Addressing Self Disconnection**

**Like Citizen's Advice, NEA is very concerned about the scale of self-disconnection that we have seen in recent years. Both NEA and Citizens Advice have played an active role in this space, and there is an opportunity in the coming year to work more closely together to ensure that self-disconnections and self-rationing can be minimised. We would value a closer working relationship with Citizens Advice on these issues.**

Ofgem's call for evidence on self-disconnection<sup>3</sup>, and subsequent proposals<sup>4</sup>, are a good first step in trying to solve issues surrounding self-disconnection. However, these are yet to be implemented and Ofgem could, and should, go further to significantly reduce the number of self-disconnections that occur. NEA proposes that Citizens Advice should consider the following when advocating how to address the scale of self-disconnection:

- The £140 rebate under Warm Home Discount scheme must continue for existing low-income pensioner recipients and be provided automatically to more low income working families, using powers under the Digital Economy Act to ensure better targeting. Ofgem should collate evidence as to the impact of the scheme so that Government can more fully understand the value it has for the most vulnerable households and how it is helping to reduce the risk of self-disconnection.
- Providing customers who have a new PPM installed (or have their meter switched to PPM mode remotely) for debt reasons with a package of support including tariff advice and income maximisation wider financial assistance where applicable.
- Ensuring Ofgem follow through with ensuring ability to pay principles are contained within explicit licence conditions.
- Major anomalies, such as not fully recognising risk of self-disconnection due to extreme financial hardship and extreme indebtedness, with the current eligibility criteria for the Priority Services Register (PSR) must be addressed urgently. Ofgem should also aim to enhance monitoring and

reporting of PSR. Auditing arrangements must also require licensees to monitor and report on efforts to identify vulnerable customers and promote services to them.

- Ofgem should investigate and highlight unacceptably large variance in treatment of vulnerable customers, debt recovery practices, efforts to reduce the risk of self-disconnection and self-rationing across different energy suppliers depending on their size and capacity. They should stress its willingness to regulate all licensees if voluntary attempts to encourage greater participation of new industry-led protocols, such as the new Vulnerability Charter, fail to reduce this variance. Citizens Advice should also work with Ofgem to shadow compliance with the requirements new Charter to ensure that pledges to enhance protections for vulnerable customers are also compliant with the domestic Standards of Conduct.
- Citizens Advice should work with NEA to investigate the setting of and recovery of costs within Fuel Direct repayments and standing charges to ensure low income consumers that may only top up their pre-payment meters rarely, don't lose credit before they can access any energy.

## **Decarbonisation of Heat**

The coming two years will likely contain important Government decisions on the decarbonisation of heat, which will have a material impact for almost all households in the United Kingdom. **These outcomes are vital in ensuring equity; we urge Citizens Advice to ensure that this topic is a priority for the coming two years, helping to guide Government decision making towards a just transition.**

It is of huge importance that the decisions made result in a fair and equitable income, and do not result in the most vulnerable people in society picking up an unfair bill for the cost of getting to net-zero. In particular, NEA wants to see:

- Ensure the review of meeting the net zero commitment fully investigates the benefits of meeting fuel poverty goals and the impact of policy costs on bills (especially for low-income and all-electric consumers).
- UK Government introduce the new Social Housing Decarbonisation Fund and new Home Upgrade Grant Scheme (HUGs) and influence how they operate to have the greatest positive impact in fuel poor homes.
- ECO retaining a key focus on low-income and vulnerable households at least at current levels of spending post April 2022.
- Delivery on the commitment to extend the PRS regulations to band C by 2030 as set out in the Clean Growth Strategy and enhance local authority enforcement.

## **Support for local Citizens Advice offices**

As well as our welcome links with Citizens Advice, NEA is fortunate to have strong relationships with many local Citizens Advice offices. Feedback from local Bureaus (and related agencies who work alongside them) indicates a highly challenging operating environment with many competing demands, often with staff who are part time or working voluntarily. Whilst CA will obviously be doing everything in their powers to support local Citizens Advice offices with these challenges, whilst respecting their independence, the key impact of current capacity, consolidation of the number of local Bureaus and the coverage of support that they can service should be a more prominent theme within the consultation, particularly their impact on end service users. In addition, NEA would like Citizens Advice to ensure the delivery of the Big Energy Saving Network (BESN) (and/or wider training and support) can best be targeted to help address gaps in provision, knowledge or capacity.

<sup>1</sup> For more information visit: [www.nea.org.uk](http://www.nea.org.uk).

<sup>2</sup> NEA also work alongside our sister charity Energy Action Scotland (EAS) to ensure we collectively have a UK wider reach.

<sup>3</sup> <https://www.ofgem.gov.uk/publications-and-updates/prepayment-self-disconnection-and-self-rationing-call-evidence>

<sup>4</sup> <https://www.ofgem.gov.uk/publications-and-updates/proposals-improve-outcomes-consumers-who-experience-self-disconnection-and-self-rationing>