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RISING FUEL PRICES THREATEN PROGRESS ON TACKLING FUEL POVERTY

- Increased energy prices put more people at risk of falling into fuel poverty
- Ofgem research shows step-up in suppliers Corporate Social Responsibility (CSR) initiatives
- Suppliers CSR initiatives valued at over **£110m**
- Ofgem's new Social Action Strategy encourages a more joined-up approach to tackling fuel poverty

Rising household energy prices are threatening progress in cutting the number of fuel poor households in Britain, according to Chairman of energy regulator Ofgem, Sir John Mogg.

Launching Ofgem's new five-year Social Action Strategy today (Thursday), Sir John said that a more joined-up approach to tackling fuel poverty was needed to meet the challenge of higher energy prices.

Sir John said: "Rising energy prices in the last eighteen months are threatening the progress made in halving the number of people in fuel poverty since 1996. To meet this challenge Ofgem's new strategy builds on our recent initiatives to encourage a much more co-ordinated approach to tackling the blight of fuel poverty, working with Government, industry, and consumer and voluntary organisations."

Research by Ofgem shows that there has been a significant increase in the last two years in companies' Corporate Social Responsibility (CSR) initiatives, with over £110 million being spent in 2004-2005, much of it focused on helping to alleviate fuel poverty.

Sir John added: "While there is no silver bullet solution to tackling fuel poverty, more can be achieved by a co-ordinated approach by ourselves, suppliers, the Government and voluntary bodies.

"Ofgem called on the companies to renew their efforts in the face of rising prices and gave more guidance to encourage social tariffs. Our research shows that companies have really stepped up their work over the last two years to improve help for more vulnerable customers. Energy suppliers are also offering more social tariffs which can help keep the cost of energy as low as possible at a time of rising prices."

As part of its Social Action Strategy Ofgem has also encouraged debt prevention programmes, the uptake of the special services provided through the Priority Services Register and the more effective targeting of energy efficiency measures to customers in fuel poverty. Following a call from Ofgem a 'safety net' agreement was also drawn up by the industry to prevent vulnerable customers from being disconnected in the winter.

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Notes to Editors:

1. The number of households in the UK affected by fuel poverty fell from 5.5 million in 1996 to 2.25 million in 2002, as a result of lower energy prices and rising incomes. Of that 2.25 million, 1.75 million are classed as 'the vulnerable fuel poor' (i.e. households that include elderly or disabled people). The remainder are low-income households. All major energy suppliers have increased their prices in the last 18 months and the Department of Trade and Industry (DTI) estimates that around 200,000 extra people could have fallen into fuel poverty in the last two years, as a result.

2. The Government has pledged to end fuel poverty for the vulnerable by 2010 and eradicate the problem altogether by 2016. Ofgem is committed to helping the Government achieve these targets. Apart from energy suppliers, a range of other organisations also have a role including government departments, consumer and voluntary bodies.

3. Ofgem's Social Action Strategy focuses on several work areas which include providing information to customers on ways to save money on bills and encouraging them to switch gas and electricity supplier for a cheaper deal. It also focuses on urging more companies to consider introducing 'social tariffs' – special price arrangements offering reduced bills for fuel poor customers. The key themes of the strategy are:

- the need to comply with regulatory obligations
- encouraging best practice among energy suppliers
- influencing the debate about measures to help tackle fuel poverty, and
- how best to inform consumers about ways to lower energy bills.

4. Ofgem's report on suppliers' CSR initiatives shows that around £110 million was spent by suppliers on almost 100 different schemes in 2004-2005, many of which address fuel poverty. Suppliers often delivered the schemes in partnership with other organisations such as the NHS, local councils and charities. These projects go over and above the support suppliers provide to the fuel poor through their statutory obligations.

5. Case studies of fuel poor people who have been helped by their supplier are available from the Ofgem press office.

6. Ofgem, energywatch and the industry are also working together to do more to publicise free services available to the fuel poor through the Priority Service Register.

7. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. Ofgem's aim is to bring choice and value to all gas and electricity customers by promoting competition and regulating monopolies. The Authority's powers are provided for under the Gas Act 1986, the Electricity Act 1989 and the Utilities Act 2000.

For further press information contact:

Chris Lock: 020 7901 7225 or 07766 511470

Mark Wiltsher: 020 7901 7006 or 07774 728971