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Dear Sophia,

Response from Electricity North West Limited to Ofgem's Consultation to review the Energy Industry Voluntary Redress Scheme (EIVRS)

Thank you for the opportunity to respond to this statutory licence consultation to review the EIVRS. We are happy for our consultation response to be published by Ofgem.

The EIVRS is a helpful fund for consumers as it funds many initiatives which benefit consumers in vulnerable circumstances in particular. We agree that it is right for the redress scheme to focus on providing benefit to consumers in vulnerable circumstances who are likely to experience the biggest impact from any transgression of rules by energy companies, where these can be identified.

On Friday 26 March 2021, ENWL hosted a workshop with our stakeholders which included local charities focusing on consumers in vulnerable circumstances and energy efficiency initiatives. The feedback we received from the session informs much of what we have written below. Some of those organisations may have chosen to submit their own responses to this consultation.



1. The types of projects

Question	Our comments
<p>Question 1. Do you consider the funding split between the Main Fund, Innovation Fund and Decarbonisation Fund to be appropriate?</p>	<p>Whilst we do not provide any firm view that the funds split should be changed to a specific level, we agree that these three areas are appropriate to receive funding. There are certain things within each fund that our stakeholders recommend to be prioritised over other things.</p> <p>One stakeholder we spoke to suggested that there is a lot of other support available relatively for innovation or decarbonisation schemes compared to the support for consumers in vulnerable circumstances. Providing assistance to consumers in vulnerable circumstances should remain prioritised in terms of the amount of funding made available.</p> <p>The fact that the fund focuses in the three areas is positive. Many consumers will benefit from having greater access to money saving advice and fuel vouchers, as these are often the most effective ways to assist consumers living in fuel poverty. Technologies such as solar PV or heat pumps are likely to be economically out of reach for these customers unless they are fully funded through the redress scheme or another initiative. The socio-economic effects of COVID are likely to be felt for some considerable time, and so continuing to support the increasing numbers of consumers in vulnerable circumstances is vital.</p> <p>One specific piece of feedback we received is that often the ECO grants do not cover the full cost of replacing a faulty boiler, so there would be a significant positive impact if the fund could be used to help cover the full cost of a boiler replacement in conjunction with ECO for consumers in vulnerable circumstances.</p> <p>Decarbonisation is another important area for the fund to contribute towards. To achieve the ambitious targets for reductions in emissions, a well-trained and knowledgeable national workforce and supply chain will be required, and the fund could help to accelerate development in this area.</p> <p>In addition, the retrofitting of energy efficiency technologies and property improvements is already a significant bottleneck in making progress to achieve the Net Zero targets. BEIS has already done work to identify those on low incomes and who are living in properties which are poorly insulated.¹ These types of properties should be targeted with funding for improvements to upgrade their efficiency. Consumers in vulnerable circumstances should be prioritised for funding, but other consumers in particularly inefficient properties should also be offered funding to help make the most effective use of the money that is available.</p> <p>It is important that any innovation or decarbonisation scheme that receives funding is well-defined so that it is clear what the scheme is designed to achieve and is closely monitored on how they go about delivering their objectives. This will increase the value for money of the investment received by each project.</p>

¹ <https://www.gov.uk/government/consultations/fuel-poverty-strategy-for-england>

Question	Our comments
<p>Question 2. Do you consider the proportionate funding split between vulnerable consumers and all energy consumers to be appropriate? i.e. 70% to vulnerable consumers and a total of 30% to all energy consumers.</p>	<p>We are broadly in support of the funding split between the three funds. We agree that consumers in vulnerable circumstances should be the main beneficiaries of any funding, as they are often affected disproportionately adversely compared to other consumers and may also benefit most.</p> <p>Our stakeholders agreed that supporting customers in vulnerable circumstances should remain the priority, but if there are opportunities to improve the way we heat and power our homes, or to improve the quality of our air and environment, then these should not be missed.</p> <p>It is important that funding remains available for all consumers and not just consumers in vulnerable circumstances, as this may help to reduce the stigma of applying for assistance from the fund for all consumers. This will also bring more benefit to wider society as a whole.</p>
<p>Question 3. Should a fuel voucher fund remain a permanent feature of the overall Energy Redress Scheme, so that it can react quickly to specific crises?</p>	<p>We agree that a fuel voucher scheme should remain a permanent feature of the EIVRS. The fallout from COVID is going to be with us for years to come and the voucher scheme is a lifeline for many households.</p> <p>Having the safety net of a fuel voucher fund has been vital during COVID and would help organisations to react in real time to any future crisis in a way that lessens the negative effect on consumers.</p> <p>It would also be helpful for customers if there was a parallel scheme for consumers who do not have meters (e.g. where there is one meter for the property, but multiple people contributing to the bill), or for those whose supplier does not accept vouchers. Without an alternative system for these consumers, or a system in which all retailers participate, these consumers may not be able to access the emergency support they need.</p>
<p>Question 4. If a fuel voucher fund is set up, what type of consumer should be eligible to apply for these vouchers? e.g. vulnerable consumers, pre-payment meter consumers.</p>	<p>We believe the voucher scheme should be available to any consumer who requires emergency assistance, regardless of their status or meter type. It would be helpful if any scheme would operate in a similar way to the Warm Homes Discount II financial assistance and/or debt relief system to ensure it is accepted by as many retailers as possible.</p> <p>One specific area that would be welcome to consumers is a fuel voucher scheme specifically for parents or guardians who have a disabled child to look after. There is specific support for adults with a disability, and it would be a positive step to extend this to children as well. Customers on the priority services register (PSR), those with prepayment meters, or customers whom on a case by case basis might need immediate support should of course be eligible for fuel voucher support.</p>

2. Widening the eligibility scope to other organisations

Question	Our comments
<p>Question 5. What are your views on expanding the applicant scope beyond charities and organisations that partner with charities? If you think the scope should be expanded, do you have any suggestions for how eligibility should be defined? (e.g. what legal structures/status should qualify? Should there be other qualifying criteria?)</p>	<p>We believe that all organisations serving a social cause, such as social enterprises and community interest companies (CICs) should be able to submit an application for consideration by the scheme, especially where their primary focus is fuel poverty, child poverty, ethical energy and or environment. These entities are not for profit and are often already working within local communities and have knowledge of specific needs within those communities. This will increase the breadth of support available to consumers, and will bring a greater range of options to achieve the objectives of the EIVRS.</p> <p>For example, Age UK Lancashire received redress funding from Lancashire County Council as its partner. However, Blackpool was excluded from this funding as Age UK Lancashire does not cover Blackpool Borough. A local CIC dedicated to reducing fuel poverty and working with all local authorities within Lancashire would be able to use the funding to support consumers in the whole of the county in any project, should they receive redress funding. This would help to improve the coverage of support across the region due to the way these regional organisations are set up.</p>

3. Experience of charities applying to the Energy Redress Scheme (this section is for charities which have applied to the Redress Scheme only)

ENWL does not qualify to apply for the EIVRS.

Our stakeholders who have applied for funding before or have been involved with Ofgem before have generally found the process to be good. They valued the opportunity to ask questions and to be able to engage with Ofgem throughout the application process, and in the cases where applications were rejected, it was helpful to be told why.

The smaller organisations which do not have any previous experience in engaging with Ofgem or in applying to Ofgem schemes would like to have more support in the application process.

4. Other feedback

Question	Our comments
<p>Question 9. Should we consider any other areas regarding the Energy Redress Scheme? If so, please provide an outline explanation of your suggested area(s). If possible, please outline any associated benefits and costs with your suggestion(s).</p>	<p>Several stakeholders recommended funding for schemes which provide long term support for consumers in vulnerable circumstances, rather than just a one-off voucher, or energy advice session. Providing long term funding to certain projects, possibly through a pilot project or through a designated fund will help to demonstrate the benefits of long term planning and support for stakeholders.</p> <p>ENWL stakeholders suggested a system by which wiping out a customer’s energy debt with their supplier would be of great benefit if provided alongside wider advice on energy and money management. Proactive support given to consumers in vulnerable circumstances of this type over a timeframe of 12 to 24 months would help to keep these consumers from slipping back into debt and provide a potentially lifechanging service.</p> <p>There may also be particular innovation projects that would also benefit from being given long term support to deliver their benefits to consumers and/or wider society. This could be due to the long time required to set up projects, to train employees or just to wait for the benefits to materialise.</p>
<p>Question 10. Do you have any other general comments or feedback you would like to provide?</p>	<p>The organisations that we work with have found that local charities or organisations often have the best rates of engagement with consumers. We recommend that the EIVRS is accessible to as many local organisations as possible as this will likely improve the effectiveness by which the money they receive is spent.</p> <p>An additional point on engagement with consumers of all types, not just consumers in vulnerable circumstances, is that many are not aware of the assistance available to them, such as the warm home discount or other schemes. In many cases, some consumers don’t have access to the internet, or may have limited access to media such as newspapers or television. It would be of great benefit to all consumers if Ofgem could work with charities to get the message out to the public of the support available to consumers. The funding could be directed towards projects which specifically focus on how to engage with groups of consumers which are identified as potentially not benefitting as fully as they could from the support schemes available to them.</p>

Please do not hesitate to contact me if you would like to follow up on our response.

Yours sincerely,

Tom Selby
Regulation Manager