

Call for input response

Standing charges – call for input

Submission from ACRE, Action with Communities in Rural England.

ACRE is the national charity that works with rural communities throughout England to ensure that nobody from a rural location is unreasonably disadvantaged by where they live.

End fuel poverty

ACRE is a member of the End Fuel Poverty Coalition, and we fully support the representations made by the Coalition in relation to people at risk of fuel poverty. Many of the issues that the Coalition raises are exacerbated by rurality, in particular:

- There is limited choice of energy supply in rural areas.
- In England rural populations are older and more likely to be living on low or fixed incomes.
- A higher proportion of people living in rural areas are living with a disability, or caring for someone who is.
- Take up of benefits in rural areas tends to be lower due to difficulties accessing information and advice services.
- The cost of living is higher in rural areas and Council Tax is generally higher.
- The housing stock is older and there are a higher proportion of homes that are harder / more expensive to insulate or prepare for the transition to heating by renewable heat sources.

Rural network distribution

ACRE works closely with the Rural Services Network and we fully support their representation to you.

In order to raise the capacity and resilience of the electricity distribution network in rural areas there will need to be substantial investment by the network operators over the coming licence periods. This will be required if rural areas are to have the ability to decarbonise both household heating and personal transport. Based on current practice the investment required is likely to put significant upward pressure

on standing charges in network regions where this additional investment is required. We already see differentially higher standing charges in some rural regions due to the level of historic investment that has been required.

We believe the time has come to fundamentally re-think the purpose of a standing charge and stop its continued use as a way of recovering the costs of investing in, or managing, the distribution network itself. These should be seen as an intrinsic part of the cost of each unit of electricity since generated capacity is useless without the means of delivering it to people's homes.

If the costs of upgrading the network in rural areas are too great to be passed on to all consumers as part of unit pricing, then this should be identified as a market failure that needs to be underpinned by general taxation. Upgrading the network in rural areas should not be a cost passed on just to rural users of energy through variable standing charges at either a regional or intra-regional basis.

Ends