

Energy Action Scotland response to Ofgem's three year strategy 2004 - 07

Energy Action Scotland (EAS) is the charity whose mission statement is to end fuel poverty in Scotland. EAS has campaigned on the issue of fuel poverty since 1983 and has delivered many practical and research projects to tackle the problems of cold, damp and expensive to heat homes. EAS has worked with both national and devolved administrations on energy efficiency programme design and implementation. It is currently a member of the Scottish Executive's Fuel Poverty Forum and sat on the Scottish Executive's Central Heating Programme Advisory Group. EAS welcomes the opportunity to make comment on the three year strategy and would wish to make the following response.

Fuel Poverty affects around 738,000 households in Scotland and is affected by three main factors: the energy efficiency of the home, the level of disposable household income and the cost of domestic fuel. To end fuel poverty and to provide sustainable solutions for those living in fuel poverty, all three factors must be tackled. Ofgem has a major role in at least two of these areas, the cost of domestic fuel and the energy efficiency of the home.

The cost of domestic fuel

It has been suggested that as many as 1 million consumers have been lifted out of fuel poverty by the reductions in fuel prices since the deregulation of the markets. However with fuel prices predicted to rise in the near future there could be a reversal of this effect and those people deemed to have been taken out of fuel poverty will be put back into fuel poverty. Consumers require to make informed choices on services and products they use across many different areas and EAS would seek to have Ofgem deliver clearer information on pricing and service levels to all consumers to assist in this informed choice. Consumer's shopping around for better services and cheaper fuel should have clear and comparable information on all suppliers' costs. EAS would wish to see Ofgem

working with suppliers to produce clear and understandable information that allows consumers to make the right choice best suited to their individual need.

The energy efficiency of the home

Despite all efforts to save energy the UK is still consuming ever increasing levels of energy. Reports show that the UK will in the short to medium term become a net importer of energy. It is therefore vital that Ofgem work in two main areas under this heading. Firstly to ensure a continuity of supply that matches consumer need and secondly to continue to promote the efficient and lower use of energy through dedicated energy efficiency programmes.

The continuity of supply can be achieved through encouragement of new generating plant, structuring the market through processes such as BETTA to encourage and support smaller generators to produce renewable energy at a local level and by working with more traditional suppliers to extend the life of the current generating plant.

All suppliers currently provide energy efficiency programmes via their EEC commitments and it is here that Ofgem can influence a second major cause of fuel poverty, the level of energy efficiency of the home. The EEC, and previously the EESOP, programme has made available basic levels of insulation to all households for a number of years. However no real evidence has been produced on the effect of either increasing the levels of energy efficiency of the homes treated or the real numbers lifted out of fuel poverty. It is true that number of homes treated is available as is the theoretical carbon saving figure but these do not reflect the assistance given in taking and keeping vulnerable households out of fuel poverty. Nor does it show how the overall energy efficiency of homes has been increased.

With the review of the EEC programme currently underway Ofgem have the ability to study this and the impact it will have on the strategic plan over the next three years. There are a number of challenges here for both Ofgem and the industry to face. There is a challenge to address the balance of the current EEC programme with twin aims in social and environmental targets. There is the challenge of finding and funding new measures and technologies that will deliver carbon savings and lift households out of fuel poverty. While there is also a challenge of growing the industry that will be required to deliver any increased targets.