

Eaga Partnership Ltd

Response to Ofgem: Social Action Strategy

June 2005

**Eaga Partnership Ltd – Background**

Eaga Partnership welcomes the opportunity to respond to the consultation paper, *Social Action Strategy*. In order to put our comments into context, it may be helpful to briefly outline Eaga Partnership's role in the provision of energy efficiency across the United Kingdom and Ireland.

Eaga is an employee-owned Social Enterprise working for Central Government, Welsh Assembly Government, Communities Scotland and Department for Social Development in Northern Ireland, Utilities and Local Authorities in managing the delivery of energy efficiency programmes throughout the UK for the past fifteen years. To date, over 5 million vulnerable households have received assistance from Eaga-managed energy efficiency schemes through the installation of heating and insulation measures, and received energy efficiency assessments.

Eaga also funds the work of the independent Eaga Partnership Charitable Trust (EPCT); which finances research into energy efficiency and fuel poverty, with a particular view to how these areas impact on standards of housing and health.

Moreover, Eaga has developed and is delivering a Benefits Entitlement Check service on behalf of Defra, the Scottish Executive and the Welsh Assembly Government. We also provide this service to energy utilities with customers who are disadvantaged or vulnerable; recent results have shown that approximately two households out of every five that receive a Benefit Entitlement Check find that a benefit has been missed, often leading to a real increase in household income that averages £19 per week.

Eaga is also committed to the renewable energy solutions of the future; this is best evidenced in the foundation of Zen Eaga Solar in September 2004; a joint venture between Eaga Partnership and the Dutch solar company Zen International, an organisation with over 25 years experience in delivering high quality solar solutions across Europe.

## **Eaga's comments on the consultation**

- **Section 1, Para 1.5**

Eaga Partnership welcomes the progress, which has been made in encouraging low-income and fuel poor customers to switch energy suppliers, however we would recommend that this progress is regularly monitored. In particular to ensure that energy suppliers don't cherry pick the most profitable of the low income and fuel poor, resulting in the most disadvantaged being prevented from switching and don't unfairly target this group in marketing practices, which may cause them further problems.<sup>1</sup> We would also recommend that Ofgem be more proactive in its protection of the fuel poverty rather than just relying on industry.

- **Para 1.6**

Eaga Partnership welcomes the holistic approach initiated by Ofgem. Eaga Partnership worked in partnership with British Gas to manage the 'Here to Help' programme which provided a joined up approach, aimed at vulnerable customers.

### **Section 2 – Fighting fuel poverty**

Eaga would agree that fighting fuel poverty includes involving other groups such as health workers and social services – something that Government, industry and Ofgem should take an active role in.

We would recommend that in a holistic and joined-up approach, all those who are dealing in the front line with vulnerable people, be fully trained to recognise the symptoms of fuel poverty and be able to 'prescribe' energy efficiency measures. In particular we would refer to Ofgem's previous research, which recognised the need for call centre staff to be trained to recognise when customers could benefit from energy efficiency advice, even if the client did not request this.<sup>2</sup> These frontline staff should be trained in recognising people in need of help, and who are genuinely unable to pay their energy bills. If they are able to identify those who may be at risk, then they can refer them to other organisations for help and advice. This training may involve working with Eaga Partnership in order to assess whether a client may need to be referred for a Benefit Entitlement Check (BEC).

This approach enables vulnerable people to be identified and helped at early trigger points, before self-disconnection occurs or they run up large debts with their energy providers.

- **Para 2.12**

Eaga welcome the four key themes which have been identified however we would recommend that the impact of price increases upon the fuel poor needs to be assessed when Ofgem are encouraging best practice among energy suppliers and influencing the debate about measures to help tackle fuel poverty.

### **Section 3 – Ofgem's work plan**

Eaga agrees that utilities must demonstrate that they are helping vulnerable people and that Ofgem must set its regulations for this appropriately. We would also welcome Ofgem's consideration of what measures are most appropriate in

---

<sup>1</sup> National Consumer Council, '*Lifelines – the NCCs agenda for affordable energy, water and telephone charges*', Georgia Klein, September 2003, Page 3.

<sup>2</sup> Ofgem, *Report on the Quality of Energy Efficiency Advice*, 2003, Page 5, Para  
Eaga Partnership Ltd, Eaga House, Archbold Terrace,  
Jesmond, Newcastle Upon Tyne, NE2 1DB

monitoring debt levels. We would suggest that some form of measuring self-disconnection needs to be ongoing. However, these measures should not only include a review of customers' personal circumstances but also take into consideration the effect of fluctuating fuel price costs.

- **Para 3.2**

We welcome the attention to vulnerable customers and would suggest that rural communities be considered in any impact assessment particularly in relation to policies on matters such as prepayment meters. Eaga Partnership Charitable Trust research has highlighted *"many rural households incurred extra travelling costs to pay fuel bills or 'charge up' their prepayment meters (Gill, 1998). The dispersed nature of rural areas, coupled with the decline of rural post offices and other local services (e.g. Paypoint facilities are sometimes available in local shops), means that paying fuel bills can be particularly problematic for rural households. Low-income households are more likely to pay bills by frequent cash payment or prepayment meter, and are therefore more in need of local facilities."*<sup>3</sup>

- **Para 3.7**

Eaga would recommend that it be recognised that whilst there may be some savings from 'dual fuel' pre payment meters, it needs to be recognised that pre-payment meters continue to be 'one of the most expensive and inconvenient forms of payment'<sup>4</sup>

Eaga have ongoing concerns there are 'over three million households spend more than ten per cent of the total income on energy, and over one million are disconnected or 'self-disconnect' from supplies'<sup>5</sup>. We would suggest that the 'dual fuel' option in this situation is far worse, as these customers are then cut off from any form of fuel. We would therefore recommend that utilities should be working with customers, organisations such as Eaga, and other stakeholders to ensure that the needs of the client are assessed to avoid disconnection or self-disconnection and that new technological opportunities are explored to encompass the needs of clients in this situation.

Eaga is pleased that Ofgem will support the Factor Four project to help tackle financial exclusion, but remains concerned that this will not be fully effective as it does not take into consideration the consequences of rising fuel prices on low income customers. Help in the four key areas will always be beneficial, but it is questionable how far it will go to tackle financial exclusion if customers are always being plunged back into fuel poverty by rising energy costs or self-disconnecting due to debt problems.

As scheme manager for Warm Front and other government-funded and EEC programmes, we are experienced in dealing with vulnerable customers and knowledgeable in marketing towards harder-to-reach groups. We would be extremely keen to work with other stakeholders to ensure the success of these programmes.

Eaga is keen to get involved in the new Fuel Poverty helpline as we have appropriately trained staff who are aware of grants, state benefits and energy saving measures, and know how to deal with sensitive issues.

---

<sup>3</sup> Eaga Partnership Charitable Trust: *Rural Fuel Poverty: Defining a research agenda*, William Baker, Centre for Sustainable Energy, 2002, p.17.

<sup>4</sup> Child Poverty Action Group, *Poverty: the facts*, Jan Flaherty, John Veit-Wilson, Paul Dornan, P128

<sup>5</sup> National Consumer Council, *'Lifelines – the NCCs agenda for affordable energy, water and telephone charges'*, Georgia Klein, September 2003, Page 2.