

David Barnes
Ofgem
9 Millbank
London
SW1P 3GE

31 August 2005

Dear David Barnes

Ofgem's Social Action Strategy

Thank you for giving us the opportunity to respond to the above consultation. Please note that this response should not be taken as representing the views of individual Energy Saving Trust members.

The Energy Saving Trust was established as part of the Government's action plan in response to the 1992 Earth Summit in Rio de Janeiro, which addressed worldwide concerns on sustainable development issues. We are the UK's leading organisation working through partnerships towards the sustainable and efficient use of energy by households, communities and the road transport sector and one of the key delivery agents for the Government's climate change objectives. Our response focuses on the key areas of the Energy Saving Trust's activities and related issues. We do not attempt to answer questions outside of our area of expertise.

Before commenting on the specifics of the consultation we would first of all like to highlight a number of general points.

Difference in approaches across Great Britain

The draft strategy refers to fuel poverty targets as they relate to England only. While the deadline for the eradication of fuel poverty is also 2010 for Scotland the date is 2018 for Wales. In addition, the target for the eradication of fuel poverty amongst vulnerable households by 2010 applies to England only, with Scotland and Wales having separate interim targets. The programmes to deliver these targets also differ across Great Britain. In our response to Ofgem's corporate strategy earlier this year we highlighted that Ofgem should be: *'encouraging improvements in the interaction between EEC and the existing fuel poverty programmes, such as Warm Front, Warm Deal, Welsh Home Energy Efficiency Scheme (HEES), Scottish Heating Grant Scheme and the Scottish Housing Quality Standard (SHQS)'*.

In order for this to happen it is important that the differences between each country are acknowledged as they impact on how existing fuel poverty programmes interact with EEC. For example, recent Ofgem figures on EEC indicate that the share of supplier energy saving activity achieved in Scotland 2002-5 is 7%, lower than the share of the number of households at roughly 9%. England received c. 86% of the energy savings in line with the number of households, while Wales received 7%, more than its share of the number of households. As such the **Energy Saving Trust recommends that the Strategy recognises the relevant differences in approach across Great Britain, and promotes better interaction between Warm Front (and equivalent programmes in the devolved administrations).**

The role of microgeneration

We welcome the recognition of the important role energy efficiency plays in the eradication of fuel poverty. While energy efficiency techniques will remain the key solutions to fuel poverty in most homes, the standard package of energy efficiency

measures cannot remove certain homes from fuel poverty, particularly older 'hard to treat' solid wall properties off the gas network. In these cases, new and renewable technologies have a role to play in the avoidance of fuel poverty. The contribution that microgeneration could make to delivering 'affordable heating for all' is also recognised within the DTI's current consultation on a Microgeneration Strategy and a Low Carbon Buildings Programme. As such **the Energy Saving Trust believes that the Social Action Strategy must recognise the role that microgeneration could play in alleviating fuel poverty and Ofgem's role in encouraging this.** The Energy Saving Trust's views on the role that Ofgem should play in the regulation of domestic-scale microgeneration is outlined in our response to Ofgem's consultation on the regulatory implications of domestic-scale microgeneration of earlier this year.

The remainder of our response follows the format of the consultation document.

3.13 Benefits entitlement checks

The Energy Saving Trust facilitates, on behalf of Defra the Energy Efficiency Partnership for Homes (EEPfH), the aim of which is to assist Government with attaining its climate change targets and eliminating fuel poverty. EEPfH's Fuel Poverty Strategy Group plays an important role in identifying areas where further action might be required to ensure effective delivery of the Government's fuel poverty targets. The Energy Saving Trust is represented on this group and plays an active role in its work.

In this context we welcome Ofgem's commitment to exploring best practice in relation to benefits entitlement checks to increase the take-up of the benefits entitled, and would like to highlight a related piece of work that the EEPfH will undertake this year. The planned work will explore examples of good practice and make recommendations as to how energy efficiency programmes could be integrated with welfare rights provision. It will build on the research carried out during 2004/5 by NEA for Defra, which sampled a number of agencies given welfare advice (e.g. CAB, Help the Aged, Welfare Rights Officers, Warm Front, Warm Zones).

The Energy Saving Trust would welcome the opportunity to meet with Ofgem to discuss the scope of the EEPfH's planned work to avoid duplication and ensure the work is complementary to that planned by Ofgem, and would of course be happy to share results of work with Ofgem.

3.14 Fuel poverty indicator

The Energy Saving Trust welcomes Ofgem's support for the development of CSE's fuel poverty indicator. There is however a range of tools used to assess fuel poverty in the UK. These have different applications and are used in various situations. Against this background the EEPfH has recently tendered a piece of work to assess the validity of the fuel poverty indicator tools available in the UK and gain a better understanding of the effectiveness of their application. For further details see: http://www.est.org.uk/partnership/energy/index.cfm?mode=view&news_id=446. Again, we would be happy to share the results of this work with Ofgem.

3.19 & 3.21 Information for consumers

We would welcome reference to the Energy Saving Trust's activities in promoting energy efficiency activities in the household sector. This is especially pertinent given that the Energy Saving Trust launched a £3m EEC campaign on 14th February this year to raise awareness of EEC amongst consumers in addition to our ongoing marketing activities. We note that Ofgem will be '*Looking at how customers can be encouraged to take up offers of help from suppliers*'. **The Energy Saving Trust has significant expertise and knowledge in this area that**

Ofgem could draw on, and we would welcome the opportunity to share this. It will also be important to take account of the activities under the Government's Climate Change Communications Programme to ensure consistency and clarity of approach whilst avoiding duplication.

We welcome the joint Energy Smart initiative between Ofgem and energywatch including the provision of the top 10 energy efficiency tips. It is important to recognise that consumers need to be encouraged to go to the next step in seeking advice and implementing energy efficiency measures. The Energy Saving Trust is best placed to provide this through its existing infrastructure, including its network of 52 Energy Efficiency Advisory Centres. This would ensure cost-effective delivery of consistent messages. **We would welcome the opportunity to meet with Ofgem to explore how best this might be achieved.** Historically, we have worked at a regional level with energywatch to develop referral mechanisms, and going forwards we will explore with them ways of improving referral activities nationally.

We also believe that the importance of the Advice Providers Code of Practice should be highlighted within the Social Action Strategy. The Code of Practice is a set of standards for providers of energy efficiency advice in the UK. The standards within the Code of Practice are designed to ensure that an advice provider supplies current and effective energy efficiency advice and has its own systems and procedures in place to maintain high standards of service. The Code of Practice is part of the Department for the Environment, Food and Rural Affairs' national strategy for domestic energy efficiency.

In addition we believe that more need be done improve information provided on bills, and that this needs to be recognised within the Social Action Strategy. Currently it is difficult to compare and understand consumption patterns, which makes it difficult for consumers to link the impact of their behaviour to energy usage and to understand how energy efficiency measures might benefit them. Introducing a billing code of practice would be helpful in this respect and need not constrain suppliers from offering innovative products. We would also welcome initiatives to encourage the development of smart metering, which has the potential to facilitate energy management and energy efficiency thereby reducing costs to consumers and note that Italy is currently implementing improved metering systems.

Finally, we welcome Ofgem's plans to run a seminar on fuel poverty and energy efficiency in Q3 of this year, and we would welcome the opportunity to be involved in this. Given the important role of the EEPfH's in this area we would also like to highlight the importance of its involvement.

We would welcome the opportunity to discuss our response in further detail with you.

Yours sincerely

Elaine Waterson
Strategy Manager, Energy Efficiency