



National
RIGHT TO FUEL
Campaign

Campaigning for a warm dry well-lit home for all

Ofgem Social Action Strategy – a response from the National Right to Fuel Campaign

The National Right to Fuel Campaign welcomes the fact that Ofgem has taken fuel poverty as being something firmly within its remit, acknowledging its "statutory obligation to protect the interests of certain vulnerable customers and contribute to the government's targets to eliminate fuel poverty". We welcome the acknowledgement that this role has an increased importance in the light of rising fuel prices.

We understand some of the apparent reservations expressed for instance in sentences like "The broader issues of poverty and social exclusion are for government..." and "Ofgem's broader work on promoting competitive energy markets and regulating network monopolies remains key ..."

The Strategy states that Ofgem is required "within the scope of our responsibilities, to help achieve the government's fuel poverty targets. Any measures with significant financial implications will have to be implemented by government."

While this is clear enough, it would be helpful to clarify what limitations, if any, are implied by "within the scope of our responsibilities".

We would still like to see greater clarification of the respective roles of government and Ofgem - as one of our members puts it "a debate needs to be held about the respective roles of the Government and Ofgem in potential interventions to reduce the impact of fuel price rises on fuel poverty".

We believe there is a role for a regulator in protecting the interests of the vulnerable that would continue long after 2010 and 2016. Even if fuel poverty is finally eradicated and we reach a point where nobody need be spending more than 10% of their income on fuel, there will still be old and vulnerable householders, who get into debt and do not understand their fuel bills, and there will still be market driven companies tempted to take advantage of them and tempted to weaken their social initiatives if they felt that nobody was still looking at them.

We note the emphasis on "a joined up and holistic approach" and the use of the word "holistic" several times. In simple English, this advocates us all working together. The organisation of seminars, and the very fact of publishing a Social Action Strategy, is bound to contribute to this end but it is an end to which we all subscribe - even if we don't live up to it. There is as yet little in the way of specific suggestions.

We strongly believe that there should be coordination of EEC, Warm Front, Trust Funds, Local Authority discretionary funds and other sources of help. This should include enough flexibility for local agencies to respond to fuel poverty issues in an appropriate manner to achieve a solution. While this may result in the occasional inconsistency, it might be a reasonable price to pay for greater reduction of fuel poverty.

However, this should not mean reduced monitoring of results to check that companies meet, at least, the letter of their EEC. We have had reports from our members for example, about a company dumping a lorry load of light bulbs on a local authority without taking any interest in how they were distributed. We believe that more should be done to check the effectiveness of EEC measures.

Any coordination could be more effective with a clearer target to aim at. We welcome Ofgem's suggestion that there should be research into the fuel poverty indicator, and look forward to the outcome of the research you mention as being conducted by CSE and Bristol University. As somebody mentioned at our recent conference, the 10% of income indicator has played a valuable role but has limitations.

Agencies delivering efficiency measures need targets that can not be frustrated by circumstances beyond their control. One appropriate target would be a specific SAP rating. Fuel poverty has three components, low energy efficiency, fuel prices and incomes. A response to these could set out a clear allocation of responsibilities to each element, through (1) grant agencies working to a SAP target of 65 or 70, (2) Ofgem acting to ensure equitable pricing structures and (3) government maintaining household income levels.

Some statements of intention in the strategy are such that we can only say we welcome them and await the outcome, an updated Fuel Direct scheme, the introduction of SMART meters and support for benefit checks.

In response to the point on monitoring disconnections, the National Right to Fuel Campaign's policy is that disconnections should be banned altogether and that prepayment meter customers should never have their supply cut off at night or during weekends and there should be monitoring of self-disconnections.

On social tariffs, we believe that these should be a part of companies' licence conditions to ensure they are not withdrawn or downgraded as company priorities change.

Ofgem puts emphasis on targeting and even means testing. Many of our members have reservations on this as they do not consider it appropriate for commercial companies to have such information. There is evidence that targeting does not achieve enhanced results and that a broad general provision is more effective to ensure that everybody in need is covered.

We welcome the efforts of Ofgem to promote competition and support the government initiatives on changing suppliers. But we think the effectiveness of switching as a route to reducing fuel poverty is being oversold by government. It cannot, in the long run, make a significant inroad into the millions in fuel poverty and low prices achieved by competitive offers cannot be sustained in the long term.

We welcome your statement that, in the review of supply licences, consideration will be given to the implications of the Disabilities Discrimination Act. We believe that the additional needs of householders with disabilities can not be overlooked. The 10% of income indicator of fuel poverty does little to cover their circumstances.

On Priority Service Registers, we would suggest that research should explore methods for placing customers on the Registers automatically in certain circumstances.

The Strategy states that "It is of course to Government that the main responsibility falls in the fight against fuel poverty." While the National Right to Fuel Campaign continues to press government to do more, we support Ofgem's role as a significant element and look forward to seeing the development of "the planned work" "over the next five years" as outlined in the Strategy.

National Right to Fuel Campaign

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