



Ofgem Consultation:

Monitoring suppliers' social initiatives - proposed reporting framework

This submission is from the National Insulation Association (NIA). The NIA represents the manufacturers and installers of insulation products including cavity wall insulation, loft insulation and other innovative products. The insulation industry has been consulted widely in producing this response and has no objection to its contents being made public.

Rather than respond to all of the individual questions raised within the consultation we have instead outlined below the key issues of interest to our industry.

We welcome the Government's announcement of an increase in the suppliers' collective expenditure on social programmes of £225 million over the period 2008-11. These additional funds present an opportunity to address fuel poverty and assist vulnerable consumers' through the provision of additional insulation measures.

As an industry we support any work carried out to help eradicate fuel poverty and ensure those on low incomes can afford to properly heat their home. However, the only way to ensure all those on low incomes benefit from a thermally efficient home is to insulate and 'fuel poverty proof' all of the housing stock. This means that where a low income householder moves property we can be ensured that they will not suffer from fuel poverty.

The most important measures in terms of GB energy/carbon savings potential in the existing stock which must be addressed are:

- Insulating around 9 million existing properties with unfilled cavity walls.
- Increasing the thickness of existing loft insulation in the 13 million homes with 100mm or less of loft insulation to thicknesses required for modern new dwellings (270mm).
- Improving the insulation of the 7-8 million solid wall properties.

There are four key areas which we believe would benefit from additional activity and funding:

1. An area of concern is loft top-ups which are not cost-effective enough under CERT to ensure that these are carried out in sufficient numbers. Therefore, it would be beneficial to encourage energy suppliers to carry out this measure in low income households. Energy suppliers cannot afford to fully fund loft top ups amongst the Priority Group under CERT. We would therefore recommend that energy suppliers be allowed to use their additional social programme funds to supplement CERT funding to allow loft top ups to be provided free of charge to Priority Group householders. This would still be additional monies as these measures would not have taken place without such funds.
2. Allowing suppliers to cover the costs of Warm Front grant top-ups. The grant maxima mean that around 14% of all vulnerable customers receiving a Warm Front grant cannot benefit from all available measures; this especially affects loft top ups. The costs of ensuring all the 30,000 householders this affects each year can have their loft topped up would be around £10 million and every encouragement should be given to energy suppliers to fill this gap. This would ensure that the key fuel poverty programme is far more effective with the resultant reductions in the numbers suffering from fuel poverty.
3. Further interventions in the Private Rented Sector to incentivise landlords to have insulation measures installed. At present only a small proportion

of CERT funding and measures are targeted and reach the private rented sector despite the fact that householders in this tenure have a far higher propensity to be fuel poor than any other - 8.4% in fuel poverty v 5.9% across the housing stock as a whole. Focused funding on additional activity to increase the uptake of insulation measures in the private rented sector should be allowed to qualify.

4. Nearly half of all fuel poor (47.6%) live in 'hard-to-treat' properties which rarely receive any assistance from CERT or fuel poverty programmes such as Warm Front. Therefore encouragement to incentivise energy suppliers to install solid wall insulation is necessary if fuel poverty is to be eradicated for such householders.

If you would like any additional information on the above or more detail on how these initiatives could be implemented please do not hesitate to contact us.

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