

Ofgem Proposed Corporate Strategy and Plan 2009-2014
Consultation Response from the Scottish Fuel Poverty Forum

The Scottish Fuel Poverty Forum was re-established in 2008 by the Scottish Government, with a membership broadly representative of stakeholders (fuel companies, charities, local government, energy efficiency bodies, etc) and an independent Chair. Ofgem is represented as an observer at Forum meetings.

Having initially been charged with presenting a report to the Scottish Government on steps needed to meet the Scottish Government's requirement under the Housing (Scotland) Act 2001 to end fuel poverty, as far as is practicable, by 2016, the Forum did so in October 2008 (the full report is attached).

In November 2008, the Scottish Government broadly accepted the core recommendations of that report and the Energy Assistance Package proposed by the Forum will be implemented – in modified form – from April 2009. The Scottish Government has also continued the Forum in being with the remit

To work together to ensure that so far as is reasonably practicable, no-one is living in fuel poverty by 2016. Specifically it will:

- *monitor the implementation of the Energy Assistance Package;*
- *advise Ministers on further actions required; and,*
- *liaise with FPAG to develop an appropriate link that will ensure Scottish interests are fed into reserved policy areas.*

The most recent figures¹ show that fuel poverty is on the rise with 569,000 households living in fuel poverty in Scotland, representing 24.6% of the total. However, the Scottish Government estimate that, for every 1% rise in fuel prices, 8,000 more Scottish households would fall into fuel poverty. Based on that estimate, there are currently around 850,000 households - over one in three - in fuel poverty in Scotland.

In that context, the Forum welcomes the opportunity to respond to the consultation on Ofgem's proposed Corporate Strategy and Plan 2009-14. Unfortunately, the timescale for response has not allowed the Forum, given its varied membership, to develop a consensus on the best way forward. I have therefore been asked to submit our October 2008 report as our response.

In so doing, I would highlight s4.1 of the report (which deals specifically with matters related to Ofgem's remit) and the recommendations relating to Ofgem (which are below). We recognise that most of these recommendations would require action by the UK Government to change the framework within which Ofgem operates; like the report as a whole, they pre-date publication of Ofgem's market probe last autumn. We also hope to find an early opportunity to meet with representative(s) of Ofgem to discuss these recommendations.

I hope this is a helpful contribution to the discussion.

Rev Graham K Blount (Chair)

¹ From the Scottish House Condition Survey Key Findings 2007 Report

RECOMMENDATIONS FOR OFGEM

Most of the following would require action by the UK Government to change the framework within which Ofgem operates.

Recommendation 33: Ofgem should gather Scottish CERT statistics separately and monitor where CERT is spent.

Recommendation 34: Ofgem should explore the overall redistributive impact of CERT between fuel poor and non-fuel poor customers in Scotland.

Recommendation 35: Ofgem should monitor the impacts of CERT on fuel poverty, as well as the carbon impacts, and report on what is spent under social initiatives in Scotland.

Carbon savings under CERT should be assessed taking into account geography and climate.

Recommendation 36: Ofgem should work with the UK Government to ensure that social tariffs are mandatory with minimum standards that provide clear eligibility criteria.

Recommendation 37: Ofgem should play a role in ensuring that fuel poor PPM customers do not pay more and consider regulation if this is not addressed. With energy companies, Ofgem should review debt collection strategies in light of rising prices.

Recommendation 38: The Ofgem market probe should include robust proposals for tackling any disadvantage it finds for customers in general and fuel poor customers in particular.