



Campaigning for Warm Homes

Consultation Response

Title: Revision of typical domestic consumption values

Source: Ofgem

Jurisdiction: Great Britain

Source Document: [Average energy consumption](#)

Consultation period: August 10 2010 to September 24 2010

Summary: This document reviews typical annual gas and electricity consumption levels for domestic consumers in Great Britain; which [Ofgem] use in analysis and conversion of prices. The analysis suggests existing consumption levels may be too high, whilst medium electricity consumption levels remain consistent with the published typical annual consumption figure.

Ofgem also offer analysis and recommendations for figures representing high and low annual consumption and welcome views on their analysis, the consumption levels proposed and any impact that adoption of these figures may have.



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Ofgem Consultation on Revision of typical domestic consumption values

Comments from National Energy Action (NEA)

Chapter 2

Question 1: Do you agree that we have used the most appropriate data on which to base our review?

NEA Comment: NEA invariably approaches any debate on these issues from the perspective of fuel poverty and what, if any, are the implications for fuel-poor households. However, given that the formula for assessing fuel poverty is based on the objective criterion of needed fuel spend rather than on actual consumption and expenditure (or theoretical consumption and expenditure) we see no direct link between Ofgem's proposals and fuel poverty.

Clearly Ofgem has considered the most accessible and reliable data from the best-informed sources and there does appear to be a consensus that domestic energy consumption levels are falling to some extent. However, NEA does have some reservations about Ofgem's attributing any and all reductions to energy efficiency improvements and consumer behaviour change. Whilst we would hope and expect that Government investment in consumer education and heating and insulation programmes would reduce average consumption it must also be considered that consumption has fallen in response to unprecedented fuel price increases since 2003 and must, at least in part, be attributed to forced rationing and deprivation. Ofgem recognises that price volatility has been a factor in reduced consumption but does not consider any potential remedial measures.

Question 2: Do you agree that the distribution analysis leads us to believe that the median value is more appropriate to use for typical consumption?

NEA Comment: Clearly the distribution analysis presented would lead Ofgem to believe that the median value is a better indicator of typical consumption and this is not contentious. However, NEA would query some of the assertions made in the discussion. In particular, we would question the regulator's views on the lack of any substantial variation in regional energy consumption. It seems to us to be axiomatic that climate will be a factor in energy consumption provided, that is, that the level of consumption meets actual need.

The table below gives some indication of the significant disparities in terms of needed fuel spend between south west England and Scotland. Whilst the comparisons appear extreme they do represent a caveat against generalised assumptions of the homogeneous nature of energy need and consumption. Again we would suggest that uniform levels of energy consumption should be construed as evidence of underspending and underheating rather than as evidence of standard consumption patterns as a matter of choice.

Comparative fuel use (kWh) for domestic heating in selected Scottish locations in relation to that required in Bristol¹				
Location	Gas central heating	Electric room heaters	Gas central heating	Electric room heaters
	Energy (kWh)		% more than Bristol	
Braemar	16,100	9,800	65.2%	66.8%
Aberdeen	15,800	9,200	56.4%	57.3%
Edinburgh	12,100	7,300	23.9%	24.2%
Dundee	12,600	7,600	29.3%	29.9%
Glasgow	11,700	7,000	19.7%	19.9%
Bristol	9,800	5,900	-	-

Question 3: What do you think about the four models we have employed?

NEA Comment: NEA has no strong views on the different models devised by Ofgem. Our primary concern is that Ofgem should avoid a complacent and positive view of reducing energy consumption in interpreting this as the outcome of rational behavioural change and improved energy efficiency rather than the result of unaffordable energy bills and the increased adoption of rationing.

Chapter 3

Question 3: Have we considered all the key impacts of changing typical consumption values?

¹ Scottish Parliament Questions and Answers (S3W-19556) January 19 2009.

As discussed above, the current formula used in defining fuel poverty will not be affected by any proposed changes since it employs 'needed spend' as the energy costs element. In terms of historical comparisons NEA agrees that retrospective analysis of time series based on new average consumption levels should allow for reasonably accurate monitoring of trends in household energy bills.

Chapter 4

Question 4: Do you agree with our recommendations that Model 2 best represents typical domestic consumption?

NEA Comment: This is a complex and abstruse area but, as indicated above, one that has little bearing on fuel poverty. This debate is best left to academics and, possibly, economists and NEA has no comment on whatever model is ultimately selected. We accept Ofgem's fundamental premise that average consumption figures should reflect as closely as possible actual patterns of energy use. However we would reiterate our concerns that decreasing consumption will often result from deprivation rather than through choice and that this issue should be more closely considered in Ofgem's analysis and discussion.

RC/09/2010