



## Committee on Fuel Poverty

5 September 2019

Consultation reference: Flexible and Responsive Energy Retail Markets

### **Committee on Fuel Poverty Response to Consultation on Flexible and Responsive Energy Retail Markets**

The Committee on Fuel Poverty (CFP) is an Advisory Non-Departmental Public Body sponsored by the Department for Business, Energy and Industrial Strategy (BEIS). Its role is to advise the Government on tackling fuel poverty in England.

The Committee on Fuel Poverty welcome the opportunity to comment on the **Flexible and Responsive Energy Retail Markets – Consultation** and can confirm that we are happy for our response to be made public.

**The Committee would like to take this opportunity and are responding to just Question 7 of your consultation, as below:**

#### **Question 7**

**Would removing the thresholds for the Energy Company Obligation and Warm Home Discount help remove imbalances in the retail market, and could this be done without significantly increasing barriers to supplier entry or expansion in the retail market?**

#### **CFP's response to Question 7:**

It is important that the future design of the obligations placed on suppliers to deliver Warm Home Discounts (WHD) on energy bills and Energy Company Obligation (ECO) assistance to improve household energy efficiency levels are transparent and consistent from a customer's perspective. Future design needs to eliminate the current risk of a customer, without their knowledge, losing the ability to receive a WHD or ECO assistance because they have switched from buying their energy from a large obligated energy company, to a small non-obligated new entrant. We would therefore support placing obligations on all suppliers to provide (either directly or indirectly) WHD and ECO programs.

We fully support Government developing ways to make better use of data to improve the accuracy of identifying households who are in most need for assistance to pay for their energy needs and/or improve the energy efficiency of their homes. Government

needs to ensure that there are means to share the resultant data on households most in need with energy suppliers, without breaching data protection laws. As these capabilities are developed and the accuracy of identifying eligible households without the need to make a physical visit is improved, finding costs for energy suppliers will reduce. Concurrent with improving the accuracy of identifying eligible households, the WHD and ECO programs should be adapted to be more tightly focused on getting assistance to these eligible households, so as to get the limited budgets from these programs being received by those most in need. For example, only 30% of current ECO measures are received by those most in need (fuel poor households) and this targeting accuracy should be improved as data matching capabilities are progressed.

It is recognised that getting ECO assistance to those most in need does not necessarily result in the lowest program delivery cost for energy companies. However, ECO programs should be evaluated using equity weighted values, so as to be consistent with deeming them 'social programs' and uplifts adjusted accordingly to compensate energy companies for any higher resultant delivery costs.



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