



Committee on Fuel Poverty

Minutes of Committee on Fuel Poverty (CFP) Meeting, 12th July 2016

1. All members of the Committee were present: Tom Wright (Chair), Alice Maynard, Jenny Saunders, Paul Massara, David Blakemore and Lawrence Slade. From DECC, the Sponsor and Secretariat were present. DECC officials also attended for items on ECO and data sharing and Daniel Alchin of Energy UK attended for an item on suppliers' views.

Minutes of last meeting and actions

2. The minutes of the meeting on 8th June had been agreed by email and published on the CFP web pages on 28th June.

3. The majority of actions from the last meeting had been completed and Members were content that remaining actions from the last meeting were being progressed.

Members' Interests

4. Alice Maynard noted her new position as a Non-Executive Director of HMRC.

5. No potential conflicts of interest specific to the meeting's agenda were declared.

ECO

6. Members were given a detailed overview by DECC officials of the current consultation on the ECO ("[Help to Heat](#)"). Discussion focussed on areas such as: whether there was any tension between the target of installations at a million homes and the fuel poverty target and milestones; the rationale for ending the Carbon Saving Community Obligation; the range of eligible measures, whether there was a case for including certain lower-cost, simpler measures, which could be beneficial, such as draught-proofing; the scope for incentivising or requiring greater focus on "band F & G" households in fuel poverty ahead of 2020; the need for a clear understanding and articulation of how ECO is - and future obligations will be - focussed increasingly on fuel poor households (with reference to current and future proxies for Low Income-High Cost households, and how data sharing powers may be used); and how the proposals to involve local authorities will work and the rationale for the percentage of the obligation that can be delivered with their involvement.

7. Members were also given an overview of the ECO brokerage mechanism. They discussed the reasons for the fall in its usage, how it could be improved and what role it could play in future.

8. Overall, the Members were encouraged by the ECO consultation and the direction of travel for future obligations. Many questions remained, however, about the extent to which the obligations would deliver in reaching the fuel poverty target and milestones. Given the importance, scale and complexity of ECO, the Committee agreed to hold a separate session at a later date to cover the subject in more depth.

Data sharing

9. Members were given an update by DECC on progress following the Government's [data sharing consultation](#) and response. Members underlined the Committee's support for the proposals regarding fuel poverty and discussed how it could support the Government, working with others, to ensure successful progress through Parliament. There was also discussion of alternative options should the process be unsuccessful.

10. Members discussed what might be done to better understand the composition of "hidden" households in fuel poverty (for example, those not on state benefits). Several stakeholders had mentioned this population, estimated at around 20% of fuel poor households, who were not benefits claimants, making it difficult to find data. DECC said it was considering more work in this area.

Energy UK

11. Daniel Alchin, Energy UK, provided an overview of energy suppliers' views on ECO and Warm Home Discount. On the former, the consultation proposals had been broadly as expected (following earlier engagement with DECC). One concern was that legislation was unlikely before Spring 2017, meaning that new guidance would not be published until after that in 2017. This could lead to challenges in design and delivery for a one-year obligation. Suppliers were looking at how to manage the risks. There was discussion about potential increases in delivery costs arising from having to identify and install at harder-to-reach households. There was also discussion about how suppliers would work with local authorities. Mr Alchin felt the consultation proposals could make it easier and more attractive for suppliers to work with local authorities, but that obligated suppliers would want to maintain overall control, given their responsibility and accountability for delivery.

12. On Warm Home Discount, the higher search costs for identifying customers in the broader group were discussed. It was noted that the move to greater data sharing to support delivery of the Broader Group would help to bring down costs and could help to support the inclusion of smaller suppliers in the scheme.

13. There was discussion of the CMA's proposal to introduce a prepayment customer price cap and the view that this could bring into sharper focus the fact that not all suppliers offer the Warm Home Discount. If prices tended to gravitate towards the cap, the £140 discount could represent a key differential between suppliers.

Annual Report

14. The Committee discussed progress on its plans to publish its first report in September. It would focus on further details at a workshop in August.

Off-gas grid working group

15. Members welcomed the proposals received from Jeremy Nesbitt, Managing Director of National Grid Affordable Warmth Solutions, regarding the composition of an off-gas grid working group, and agreed that he should be asked to take forward the formation of the group. Proposed draft terms of reference for the group are at Annex A.

Dates of 2016 CFP Meetings

- 15/9/16
- 17/11/16

Committee on Fuel Poverty – Off-Gas Grid Working Group

Terms of Reference

The Group's role is to assist the Committee on Fuel Poverty to undertake its role with specific regard to households in fuel poverty which are off the gas-grid. In particular, it will:

- a) advise the CFP on the creation of a special interest group, off-gas grid (OGG) customers, explore the size and scope of such a group and any sub-groups (e.g. rural, urban, park home residents), understand their demographics and identify the scale of investment needed to future "energy-proof" their homes;
- b) revisit and review the policy landscape summary for OGG customers and how the 2020 milestone can be met for this group; present options to the CFP;
- c) review and refine the development of the OGG database; implement commercially viable improvements that will lead to better targeting of future investments.

The Group will work within the framework of priority outcomes (to be confirmed by the CFP in its first annual report).