



# Committee on Fuel Poverty

## **Citizens Advice Consumer Work Plan 2022-23 Comments from the Committee on Fuel Poverty**

18 February 2022

### **Introduction**

The Committee on Fuel Poverty (the Committee) welcomes the opportunity to comment on the CA's proposed work plan. Our comments are limited to the areas which align with the Committee's remit.

We would welcome reinstating more regular engagement with CA to share insights and to better understand the outcomes you have delivered for people living in fuel poverty during 2021-22 and how these are informing your work in the coming year. We would also like to understand how you propose to implement the new plan and any changes to the way in which you might be working with strategic partners such as our Committee, which has a new Chair and will have a number of new members this year.

Our work is focussed on fuel poverty in England, whilst many policies and regulatory frameworks that apply to the issue are GB-wide. Our comments are restricted to the outcomes we are seeking to achieve in England whilst being mindful of the wider context for CA's work.

We support the general principles, themes, and desired outcomes that underpin the work plan. Anticipating the risks to customers in a very volatile energy market is essential to develop speedy and practicable preventative policies. Sharing early findings of your research, being transparent in methodologies applied, and developing impactful policies will be essential in ensuring customers are protected as the market transitions.

The work plan is very high level, and it is difficult to see the scale and scope of different activities and therefore take a view on how effective they might be. Sharing more detailed plans as they are developed will allow stakeholders to share their insights and knowledge to shape meaningful and impactful programmes. Being explicit in where lines are drawn between Ofgem and CA's work programmes, and interface with other agencies will demonstrate the added value you offer and your unique role through your statutory remit.

Whilst there is clearly value in taking a cross-cutting theme approach across the utilities, the Committee is clear that there is need to focus very closely on the specifics of the energy market where some fundamental structural changes are taking place and where significant customer and Government resources are being directed to achieve social and environmental outcomes.

The Committee has identified challenges to meeting the Government's statutory 2030 fuel poverty target, and in delivering its revised strategy. In addition to more progressive policies and programmes, this will require investment in energy efficiency supply chains, skills, and resources at a local level as well as improved use of data to identify and support fuel poor households and those at risk of falling into fuel poverty.

We wish to see CA being very explicit about how risks to achieving the Fuel Poverty 2025 interim milestone should be addressed and mitigated.

It would be helpful to understand how CA has sought to engage its service users in identifying the 4 priority themes for this year and how it involved them in designing the work plan deliverables. Tackling historically high energy prices is the most urgent and complex public policy issue and is quite literally a matter of life and death for people living in fuel poverty. Weighting the work plan to finding workable short-term solutions to alleviate the worst impacts should be a priority for CA.

Continuing to share service users experiences and case studies is essential in helping policy makers and practitioners shape their responses and we welcome your commitment to continue to do so in 2022-23.

### **Making Markets Work for Consumers**

The Star Rating on customer service has been a useful tool but as costs increase to unforeseen levels there is a danger that decisions will be made on cost – where there is a choice - and inertia, if the standard variable tariff remains a good option (even if it isn't the best). How do you foresee information about service standards being used and what value will customers place on it in deciding on their supplier? Price and tariff comparisons will be a continued real benefit to people in fuel poverty.

CA may be well placed to undertake work into peoples' experiences of energy efficiency and retrofit programmes, however we would advocate a collaborative approach and call on the skills of other specialist agencies and researchers. Approaches to retrofitting and decarbonising homes are complex and work is already being undertaken through the Energy Rev consortium, Energy Systems Catapult, NEA and others. The Committee would welcome hearing the voices of those struggling to access support and those who have engaged with energy efficiency programmes. We have urged BEIS to undertake ongoing monitoring and evaluation of its new Home Upgrade Grant (HUG) programme which will start to be delivered this year. The CA and other agencies could play a helpful role in collecting the experiences of beneficiaries as the scheme is rolled out.

It will be particularly important for CA to engage in the details of the SoLR payments and the effectiveness of the Government's support package relating to the Energy Price Cap 'loan'

repayment process given the likely continuing upward trajectory of bills this year. Ensuring clarity of message to customers and transparency on bills/tariffs should be an essential part of your work this year.

### **Better Value Infrastructure**

In addition to the areas set out in delivering value under RIIO-2 there is a further important role CA could play. There has been some confusion over the scope and regulatory framework for energy network companies in supporting fuel poor customers, reducing demand for gas and electricity and the way in which social and environmental programmes are evaluated through Social Return on Investment methodologies. Providing clarity on how far the responsibilities of network monopolies extend in delivering fuel poverty solutions should be a part of CA's work plan to inform future price control guidance on this issue and to shape the programmes agreed under RIIO-2.

Being explicit about what still needs to be understood from the smart meter roll out for customers who struggle to understand and pay for their bills would assist our understanding of the impact smart metering has and can have on customers in fuel poverty.

CA can play a vital role in developing customer protection under the new regulatory framework for heat networks. Whilst these can bring social and environmental benefits, this is not a given. With the proposed increase in heat networks, it is vital customers are protected from unfair tariffs and charges, and poor service standards.

### **A Fair Deal for Customers in Vulnerable Circumstances**

Over the years there have been a number of social tariffs introduced by both the 'Big Six' incumbent suppliers and new entrants to the energy market. The Committee would encourage CA to provide clear evidence of how a successful and fair social tariff might be introduced on a mandatory basis and how qualifying criteria can be assured to target households in fuel poverty.

CA propose to advocate reforms to the Warm Homes Discount scheme. The Committee has made clear recommendations to Government on the changes it could make to improve targeting to reach fuel poor households. We request that any new analysis of how to improve the effectiveness of the scheme is done jointly with the Committee to ensure it is well focussed, socially progressive and contributes to the fuel poverty strategy goals.

More broadly we would welcome early engagement with CA on wider aspects of fuel poverty. This has not been a particular priority for CA's work plans in recent years and we welcome the renewed focus on this issue. Gathering evidence through CA's local agencies and special help unit will help build the evidence to provide advice on how to shape existing policies and programmes and identify gaps in the support that will be required for millions of households to improve the energy efficiency of their homes up to EPC Band C over the next 8 years.

The Committee is particularly interested in your proposed research into the energy company ECO 4 scheme and the Government's energy efficiency programmes (HUG and the Social Decarbonisation Fund – all of which have the potential to contribute to the alleviation of fuel poverty. Ensuring high quality technical standards will be essential and should be part of the evaluation of these schemes. That may be outside the scope of the work plan but combining social and technical evaluation might usefully be considered.

Understanding private rented tenants and landlords' experiences of HUG and ECO will be helpful to deliver Minimum Energy Efficiency Standards (MEES) in this sector where landlords are required to invest but also have access to grant schemes.

Customers who sign up to the Priority Service Register (PSR) can expect extra support from both their supplier and distribution network companies. Ensuring company registers are up to date and eligible households are aware of the services has not been a priority for the companies and the CA can usefully help both promote the PSR and ensure companies shape the services they offer. There has been considerable effort put into reviewing the PSR by the network companies as part of their RIIO-2 business planning. Ensuring good practice across the sector, (including data-sharing protocols, vulnerability training and innovative partnership working), is a live issue and one that CA can hopefully contribute to, to encourage more fuel poor households to sign up.

### **Protecting consumers in rapidly evolving markets**

Some might argue that markets have not been evolving rapidly enough to deliver the social and environmental outcomes necessary to fulfil the UK Government's commitment to Sustainable Development goals and Ofgem's remit to protect current and future customers. But there are a number of drivers that could mean fundamental changes to the way in which customers engage with energy markets, and ensuring the fuel poor are not disadvantaged on the transition to net zero and heat decarbonisation (and indeed are prioritised for support) is something the Committee has advocated.

More vulnerable customers will need extra help and support in deciding how to engage as suppliers start to introduce flexibility tariffs, and to make decisions about energy efficiency services. The Committee welcomes CA's proposals to develop its own services and encourages you to work with other agencies to ensure consistency of advice and messaging that can be tailored to individual circumstances.

You propose a number of areas of work to facilitate a smart and fair transition to net zero – this is something the Committee has indicated should be a priority for BEIS and Ofgem. Again, once your proposals are more fully developed the Committee would welcome dialogue to help ensure that households in the deepest fuel poverty are given priority and extra help.

It will be hugely important to support fuel poor and financially vulnerable households and ensure they are properly protected as we make the transition to low carbon heat. As policies, technologies and programmes develop, it is important for the CA to maintain its

role in ensuring all customers are protected, but again, we would urge a particular focus on fuel poor households.