



Committee on Fuel Poverty

Citizens Advice Consumer Work Plan 2023-24 Comments from the Committee on Fuel Poverty

20 February 2023

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.

In the past year the Committee was pleased to meet with CA team members, hear from you at our meetings and take part in events together. When the Committee commented on your workplan for 2022-23 last February, it was in anticipation of a very difficult year ahead with energy prices surging and decisions about support for energy consumers including the fuel poor and vulnerable yet to be made.

Many of the comments we made a year ago are relevant still and we would welcome meeting with CA to share insights and to better understand the outcomes you have delivered for people living in fuel poverty during 2022-23, and how these are informing your work in the coming year.

Our work is focussed on fuel poverty in England, whilst many policies and regulatory frameworks that apply to the issue are GB-wide. The Committee on Fuel Poverty's 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. Learning from the last year will be essential to developing ideas about energy affordability, supporting hard to reach customers, future proofing the energy efficiency of homes and a fair transition to net zero.

The Energy Price Cap was never an answer to fuel poverty and, despite the record amounts of financial support, some delivery systems to those most marginalised have been found wanting. In addition, the actions of some energy suppliers regarding the forced installation of pre-payment meters have been appalling.

In the Committee's letter to candidates for Prime Minister on 2 September 2022 we summarised our suggestions as follows:

- **Targeted support** tackles fuel poverty better than measures that affect all households equally. To avoid fuel poverty, Government would seek to ensure that the most support is targeted at those most in need; that everyone knows

what help they are entitled to; and help is easy to receive, through automatic payment wherever possible.

- **Energy efficiency** needs more focus. To reduce demand for energy and reduce fuel poverty in the medium term, energy efficiency programmes need to be accelerated. Above all, the industry needs certainty of funding and future programmes.
- **Energy prices** should closely reflect the costs of generation, not merely the cost of the most expensive generation. The link between electricity prices and the wholesale gas price must be broken. A range of additional costs inflate bills but whilst necessary may be better met from general taxation.
- **Fair treatment of customers.** The regulator must have strong powers to make companies treat customers fairly. Ensure that energy companies comply with their legal obligations, and never take actions which make it harder for people to heat their homes.

As more evidence has come to light about vulnerable households being put at risk by forced PPM installations, the Committee welcomes the actions now taken by Ofgem. However, it has exposed how safeguarding guidelines have failed households and raises questions about whether the efforts of the energy companies to work with households in debt are sufficient.

The Committee recognises that a number of initiatives to support consumers last year were put together in haste against an unprecedented energy and cost of living backdrop. Looking ahead, we agree with CA that there is an opportunity to learn from the past year and identify future policies that would best meet the need for energy security, within a system which is affordable, and protects households from fuel poverty, and cold homes.

However, before the present crisis, the Committee had already identified challenges to meeting the Government's statutory 2030 fuel poverty target, and in delivering its revised strategy. As such, we still wish to see CA being very explicit about how risks to achieving the Fuel Poverty 2025 interim milestone should be addressed and mitigated.

This should include weighting the CA's work plan to find, as a priority, workable short-term solutions to alleviate the worst impacts of historically high energy prices.

Your sharing of data, 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 2023-24.

Making Markets Work for Consumers

The Star Rating on customer service has been a useful tool but, as energy costs increased to unforeseen levels, and companies have left the market, and consumer switching has reduced dramatically, there is a danger of inertia.

How can CA further raise the profile and usefulness of the system for when consumer switching might pick up again (including, for example, whether the same rating system works equally as well for credit and prepayment customers)?

The Committee shares CA's concerns that existing energy efficiency support programmes are insufficient to support all people wanting to make changes to their homes. However, in identifying the gaps in support, and where additional funding may help those on low incomes and in the private rented sector, the Committee would like to know if CA and other agencies are working collaboratively to determine people's experiences? This was recommended by the Committee in our comments on last year's workplan.

With the ending of the Energy Bills Support Scheme and changes of the Energy Price Guarantee in April 2023, the Committee supports better targeting of support packages. It will be particularly important for CA to engage in the details of any revised payments and effective delivery systems.

We welcome hearing more about what price protections might be best suited for fuel poor and vulnerable households.

Better Value Infrastructure

What is CA's explicit understanding about what can be learnt from the smart meter roll out for customers who struggle to understand and pay their bills? This would assist our understanding of the impact smart metering has, and can have, on customers in fuel poverty.

For low-income households, heating their home in the future is hard to imagine, let alone contemplating the possibilities of unfair tariffs and charges. The Committee looks forward to hearing more of CA's collaborative work to assess the best options for any gas network decommissioning and how they will mitigate against further hardship for the fuel poor.

The Committee agrees with CA that the transition to net zero has to bring people on board. CA plans to publish research to build understanding for how to engage communities in Local Area Energy Plans (LAEPS). In doing so the Committee would like CA to use this work to embed tackling fuel poverty alongside getting to net zero, as part of a just transition.

A Fair Deal for Customers in Vulnerable Circumstances

We look forward to hearing more about CA's findings and solutions to improve unequal outcomes in terms of price, service, and access to the market for energy consumer groups. The CA research programme to identify the levels and impacts of rising debt, as well as reviewing whether existing protections are sufficient, will be valuable.

An inclusive design in emerging business models is welcome and we would encourage CA to ensure that consumers in fuel poverty are explicitly included in

solution design, both in terms of being able to benefit, and in terms of finding ways to maximise take-up when they can benefit.

Protecting consumers in rapidly evolving markets

The CA work plan prioritises working to ensure the retail market delivers better outcomes for consumers, with more robust consumer protection against poor practices. The past year exposed the weaknesses of regulation to protect the vulnerable and the challenges of engaging hard-to-reach households. If regulation and service delivery for these groups was improved it could transform service culture and delivery more widely.

Discussions will develop in 2023 on what the retail market will look like beyond 2024. But it will still be crucial to prepare for Winter 23/24 to support fuel poor and financially vulnerable households and CA has an important contribution to make to those deliberations.

It is important for the CA to maintain its role in ensuring protection for all customers, but again, we would urge a particular focus on fuel poor households.