



Department
of Energy &
Climate Change

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Fuel Poverty Strategy Team

Cutting the cost of keeping warm

Consultation workshop, 1 October 2014



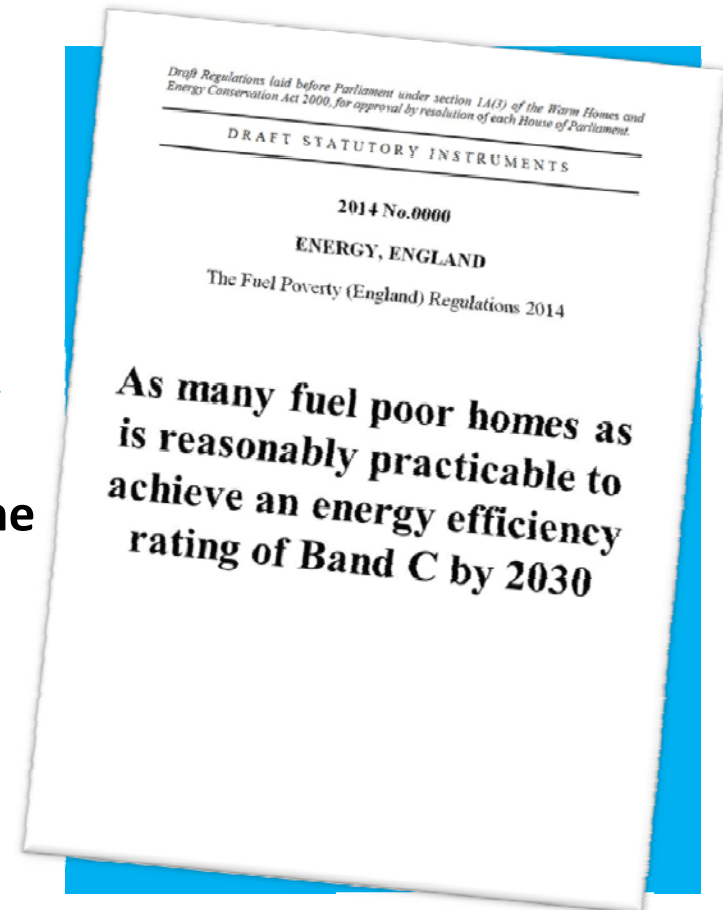
Overview

1. A new target framework for England
2. The consultation
 - Warmer Homes
 - Supporting People
 - Fairer Energy Markets
 - Improving Delivery
3. Ofgem Fuel Poor Network Extension Scheme Review
4. The Strategy and next steps



A new target framework

- The statutory target **focuses on improving the energy efficiency** of fuel poor homes.
- The consultation proposes non-statutory **interim targets** to support the trajectory to 2030:
 - as many ... as is reasonably practicable to Band E by 2020
 - as many ... as is reasonably practicable to Band D by 2025
- The consultation proposes a set of wider **indicators** to paint a detailed picture of progress



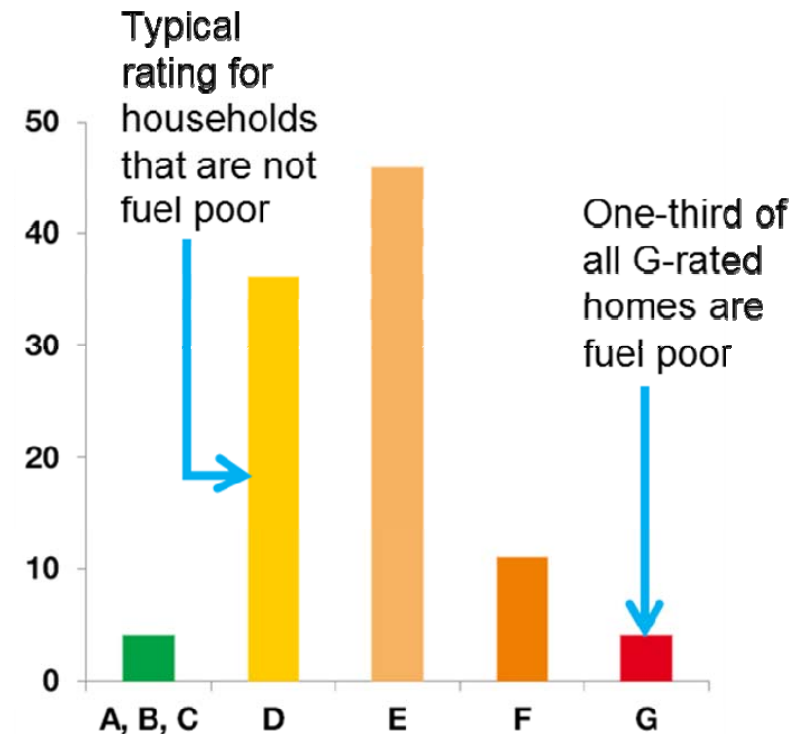


Scale of the challenge

Given the current distribution of fuel poor homes by energy efficiency band, **the target and milestones represent a significant commitment.**

Fewer than 5% of fuel poor homes are in Band C today.

Distribution of fuel poor homes by EPC Band





Consultation to prepare for the Strategy

How to meet the target – both short term changes to existing approaches and longer term shifts in direction

Guided by our three **strategic principles** :

- Help to those who need it most
- Cost-effective interventions
- Take account of the most vulnerable

Seeks views across **four key themes**:

- Warmer Homes
- Supporting People
- Fairer Energy Markets
- Improving delivery



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Warmer Homes

Cutting bills & increasing comfort in the coldest low income homes – real and lasting difference

- How **energy efficiency delivery** may need to evolve further to meet the target
- Support for **non-gas homes** and alignment with the **heat strategy**
 - Support for people with health conditions linked to cold homes



Supporting people

Tackling key drivers of fuel poverty through direct help on energy bills and action to increase income

- Still a need for action across all the drivers of fuel poverty
- How should we reflect **evolving understanding of who is fuel poor** in the way we deliver bill support?
- What are the opportunities and challenges of changes to the wider **welfare and benefits system** – are there implications for the way we target policy?



Fairer energy markets

Ensuring that all our citizens take action and benefit from a more open energy market

- Helping everyone get a good deal for their energy is a key Government priority – increased competition and openness in the energy market
- Need to better understand behaviours of people on **pre-payment meters** and the relative fairness of different payment routes
- Additional £1m to support the **Big Energy Saving Network** – helping vulnerable people to engage
- We will monitor progress and consider need for further intervention



Improving delivery

Making the most of the support available and getting it to the right people

- **Improve targeting** and create new opportunities for **data sharing and data matching**
- Better **cross-government working**
- **Reaching out:** Government cannot do this alone
- Enhanced role for **Fuel Poverty Advisory Group (FPAG)**

- FPNES contributes towards gas connection cost (one off and communities) for fuel poor households off the gas grid
- Allowance set in RIIO-GD1 price control) for Gas Distribution Network Companies (GDNs) to deliver a set number of connections
- Over 43,000 fuel poor customers connected from 2008–2013 and over 77,000 new connections expected from 2013–2021
- Ofgem issued a consultation on 14 August and is keen to hear your views on the FPNES. **The consultation closes on 31 October 2014.**
- Review is to:
 - Ensure the Scheme is aligned with the recent developments
 - Look at changes that could be made to maximise the benefits
 - Update other elements of the scheme (e.g. Fuel Poverty definition)
- Ofgem believe that this Scheme remains an essential tool to help combat fuel poverty.
- Please contact Rupika Madhura on rupika.madhura@ofgem.gov.uk if you have any questions on this consultation.



A new fuel poverty strategy for England

- Strategy will set out plans for achieving the target – but it is not the end point
- Not possible or desirable to set the path to 2030 now – need **ongoing strategic approach**
- **Regular review points** – to take stock of wider developments, progress made, lessons learnt and opportunities to reflect these in policy
- We need to continue to **work together to find solutions**
- We intend to hold an **annual debate in Parliament** on fuel poverty



Next steps

- Consultation closes on **7 October**

fuelpovertyconsultation@decc.gsi.gov.uk

- Regulations expected to come into force Autumn 2014
- Strategy expected to be published towards the end of the year
- But first, over to you!

Thank you