

**Eaga response to Utility Regulator -Consultation on '*Assisting with Affordability  
Concerns for Vulnerable Energy Consumers.*'**



## Eaga – Background

Eaga welcomes the opportunity to respond to this Consultation paper from the Utility\_Regulator on *Assisting with Affordability Concerns for Vulnerable Energy Consumers*.

In order to put our comments into context, it may be helpful to outline briefly our role in the provision of services across the UK and Ireland.

Eaga is the largest provider of residential energy efficiency solutions in the UK; we are a co-owned business working for Department of Energy and Climate Change and the Welsh Assembly Government., we also have experience of managing the Warm Homes initiative in Northern Ireland and the Central Heating and Warm Deal programme in Scotland. We also worked closely with Utilities and Local Authorities in managing the delivery of energy efficiency programmes throughout the UK for the past twenty years. Since our establishment in 1990, we have grown considerably and now employ more than 4,500 Partners, the vast majority of whom are involved in our energy efficiency work. In Northern Ireland, we employ 270, who are primarily involved in energy services and fuel poverty work – which incorporates renewable technology as well.

We have also pioneered the development of Benefit Entitlement Checks (BEC). This is a telephone service that offers confidential advice to people regarding the benefits they claim and what further benefits they may be entitled to. Through its dedicated team, Eaga has delivered more than 220,000 BECs to date.

As well as our energy efficiency and social commitment through BEC, we are committed to helping the environment and combating climate change. Eaga Renewables provide renewable energy solutions to private housing, specifically through the installation of solar thermal panels. We carry out work in the private sector, both with private-funded work and public-funded work.

For further information on eaga and our work across all sectors, please visit [www.eaga.com](http://www.eaga.com).

## Key Points

### **Q1 Are there any additional key context issues that should be noted?**

Eaga accepts the Utility Regulator's definition of vulnerability and welcomes the Social Action Plan. We welcome the Household Fuel Payment Scheme and recognise the issues that the Utility Regulator raises in relation to low income. We believe that those households with a low income, particularly pensioners continue to be at risk of fuel poverty – especially as many of them do not claim their full benefit entitlement. The Department for Social Development has previously recognised the role of Benefit Health/Entitlement Checks in ensuring that householders get their full benefit entitlement. The Fuel Poverty Advisory Group has recognised the difference that Benefit Entitlement Checks can bring – particularly when offered as part of the Warm Homes scheme. This initiative differs from programmes such as 'Get what's yours' – because the Benefit Entitlement Check acts as a passport onto the implementation of energy efficiency measures. The one phone call approach helps vulnerable householders to access easily both financial help and energy efficiency measures – therefore dealing with two of the major issues affecting the fuel poor. We would recommend that as part of the Household Fuel Payment Scheme, a Benefit Entitlement Check is carried out – to ensure that householders are getting their full Benefit.<sup>1</sup>

### **Q2 Comments are welcome on the potential and appropriateness for an expanded statutory remit for the Utility Regulator to allow regulatory mechanisms to potentially tackle affordability issues.**

We would suggest that there is a role for the Regulator in examining social tariffs and that this would be within the remit of the Regulator. We would suggest that opportunities with social tariffs are examined for low-income customers – who make up a large number of the fuel poor.

### **Q3 Comments are welcome on the suggested staged approach to affordability policy/scheme development.**

Eaga would welcome this approach and in particular the commitment to work during 2010 with key stakeholders in order to produce a more refined option analysis. We believe that our experience of managing the main fuel poverty initiative in England – Warm Front, the Home Energy Efficiency Scheme in Wales and our previous experience with the Central Heating and Warm Deal programme in Scotland and the Warm Homes initiative in Northern Ireland, would help us to contribute substantially to this analysis.

### **Q4 Have we identified the appropriate key Stage 1 questions / issues?**

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<sup>1</sup> Department for Social Development, Ending Fuel Poverty: A Strategy for Northern Ireland, 2004, P17 ([http://www.dsdni.gov.uk/ending\\_fuel\\_poverty\\_-\\_a\\_strategy\\_for\\_ni.pdf](http://www.dsdni.gov.uk/ending_fuel_poverty_-_a_strategy_for_ni.pdf))

Yes.

**Q5 Comments are welcome on 'scope and purpose' questions/issues. Should any policy intervention be aimed at affordable warmth in the round or at a more limited problem such as electricity affordability and anxiety about bills?**

Eaga believes that any policy intervention should address all levers and cover all energy sectors alongside policy interventions such as Benefit Entitlement Checks. We believe that the approach should be aimed at affordable warmth as a whole – rather than the more limited problem, however we would suggest that anxiety about bills is also part of the wider problem.

**Q6 Comments are welcome on the issues raised above in relation to the intended target size and scope of any intervention, size of fund required to deliver this, and impact on 'paying' customers.**

Eaga's experience is that people fluctuate in and out of fuel poverty and that any policy has to be flexible enough to cope with such fluctuations. The size and scope of any intervention has to consider this.

**Q7 Comments are welcome on policy funding questions/issues. In the absence of additional new government funding, should any intervention on energy bills be paid for by all customers or a subset of customers?**

Eaga is concerned renewable options do not seem to have been explored. Whilst these will still require some additional Government funding, if the right approach is used then the cost for the consumer can be reduced. In England, we have recently launched the Eaga Clean Energy for Social Housing programme, which aims to enable low-income households to take advantage of the introduction of Feed-In-Tariffs and use this to fund the installation of renewable technologies. This initiative attracts funding from private sector investors, who will receive a return from the feed-in tariff element. There is no cost to the tenant and no investment required from the social landlord. Whilst such an approach would require the legislation for Feed In-Tariffs to apply to Northern Ireland, we believe that these options should be explored.

As with the Feed In-Tariff, a Social Tariff would require funding and it is an important question as to who should pay for these Schemes. Those in fuel poverty cannot afford to contribute to the funding of a Social Tariff, however, identifying the fuel rich and able-to-pay increases the administrative costs and adds complications therefore it would be more practical to apply any such levy to all customers.

**Q8 Comments are welcome on the issue of which customers should be targeted for help (and why) and to what extent per annum.**

Eaga has previous experience of targeting and assisting vulnerable customers and is happy to share knowledge and discuss the issue with you further.

**Q9 Can respondents identify a data set that would enable us to assess the risks to different customer groups of equating 'high user' with 'not vulnerable'?**

We recognise the concerns raised regarding high user' and 'not vulnerable,' we would suggest that a joined up approach which takes into consideration benefit status would be one way of eliminating the vulnerable from the not vulnerable. Eaga has experience of analysis in this area and would be happy to discuss further.

**Q10 What other household characteristics are associated with higher or lower electricity consumption?**

Our experience is that household tenure and demographics play a role, again – we would be happy to discuss this further.

**Q11 Respondents' views are welcome on the issues raised in relation to an appropriate mechanism for the collection of funds.**

Eaga has no view.

**Q12 Views are welcome on need for enhanced energy efficiency advice for vulnerable households including size, resourcing and best-delivery options.**

Eaga would suggest that energy efficiency advice for vulnerable householders should be face to face, therefore allowing the householder to raise any questions; this should include the provision of an Energy Performance Certificate. With the Warm Front initiative this advice is delivered by a trained assessor who as well as speaking to the client, also enters the details of future installation measures onto a Computer Aided Design drawing and then prints the details out in order that the customer has these for future reference. We would suggest that this approach is specific and easily actionable although we recognise resourcing this approach might be difficult and would suggest that the resourcing needs to be funded if energy efficiency is to be achieved.

**Q13 Views are sought on the relative merits and disadvantages of helping the poorest energy consumers through a fund or a tariff.**

Eaga believe that the best approach is via a social tariff, we feel that a fund approach is likely to put eligible householders off and does not ensure consistency of approach in dealing with fuel poor householders.

**Q14 Respondents' views are welcome on the issues raised in relation to identifying eligible customers.**

In Eaga's experience, the best approach is to use data external to energy industry and specifically benefit data however; we would suggest that Benefit Entitlement Checks are also used via utilities and also the Household Fuel Payment Scheme – to ensure that this data is also capturing those who should be claiming benefits.

**Q15 We invite comments on an appropriate mechanism and potential costs for the disbursement of funds to eligible households.**

Eaga has no views.

**Q16 We welcome respondents' views on the potential impact of affordability schemes on the retail market in Northern Ireland and potential for competition.**

Eaga has no views.

**Q 17 Comments are sought on the appropriateness of creating exit provisions in a scheme, and on how these might best be designed.**

Eaga has no view.

**Q18 Comments are sought on the proposed assessment criteria for any scheme.**

Eaga has no view