

Fuel Poverty Policy Context: England

18th September 2017

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Head of Policy, Energy Saving Trust

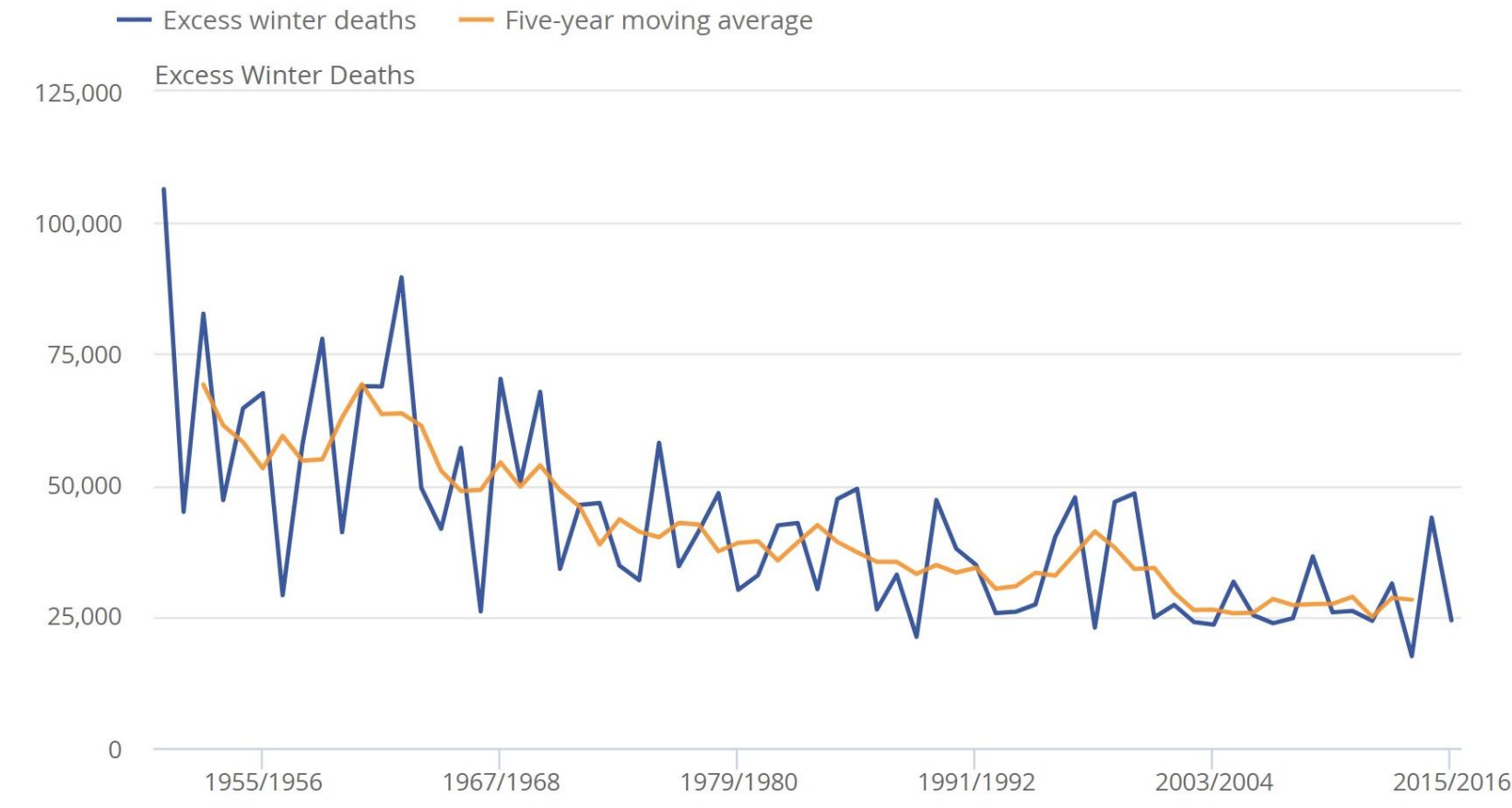


Why is fuel poverty a distinct problem?

- In conclusion, the review finds that fuel poverty is a distinct problem. It is an issue of concern within different policy debates. If progress can be made, there is the prospect of a 'win-win-win' through the contribution to poverty, health and well-being and carbon aims. If progress is not made, all three areas are damaged.
- The common problem from each perspective results from the overlap between low incomes and high required fuel spending

Excess Winter Deaths

Figure 1: Excess winter deaths and 5-year central moving average, England and Wales, 1950/51 to 2015/16^{1,2,3,4}

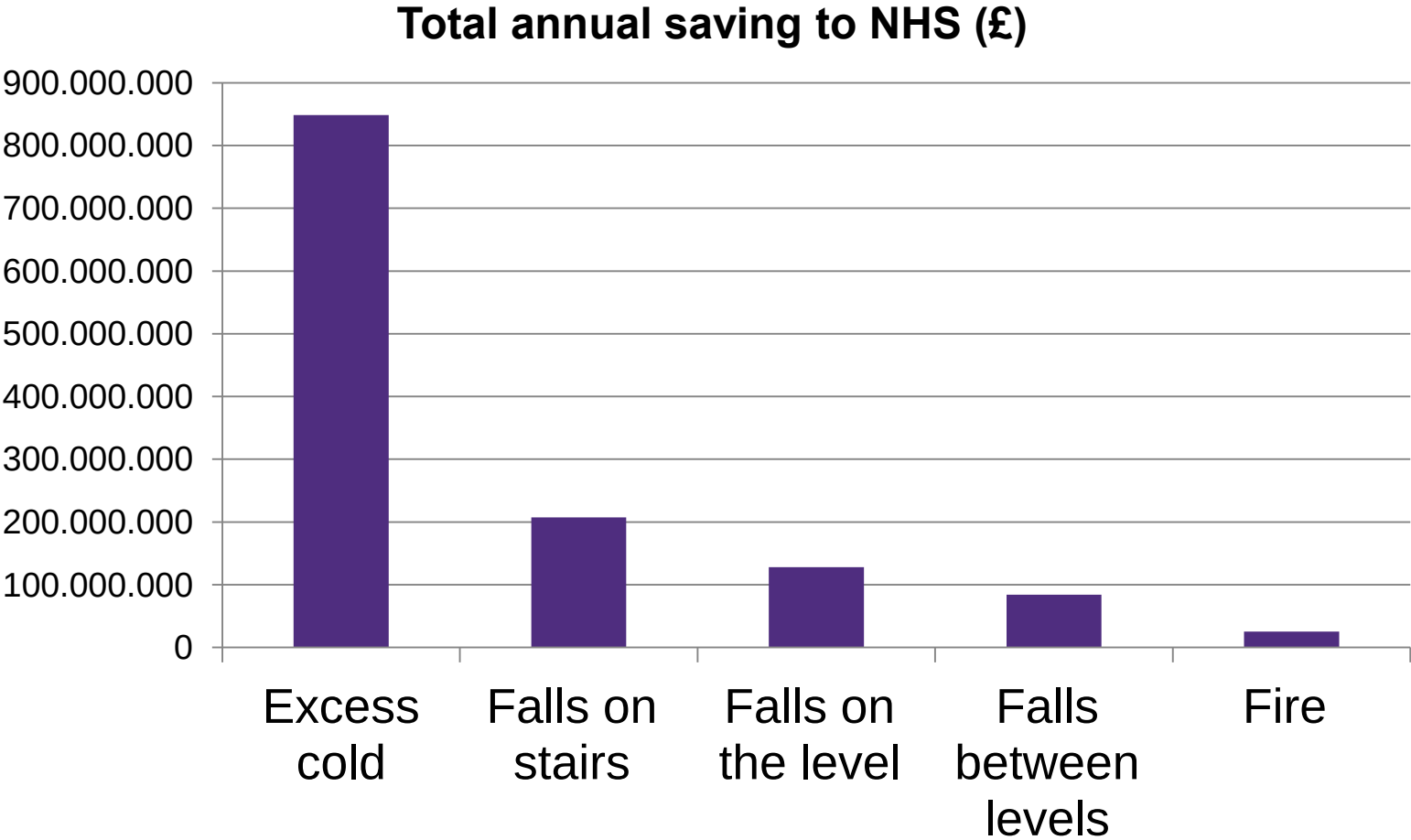


*Excess winter mortality
in England and Wales:
2015/16 (provisional)
and 2014/15 (final)*

ONS 2016

<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/deaths/bulletins/excesswintermortalityinenglandandwales/2015to2016provisionaland2014to2015final>

Health service savings from tackling dangerously cold homes



Source: BRE: The cost of poor housing to the NHS, 2015

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Energy bills to fall as billions in 'green crap' subsidies axed: Ministers unveil plans to reduce money given to wind and solar energy firms

- Billions of pounds of subsidies for the wind and solar energy industry are to be cancelled
- The move was announced as part of [Theresa May](#)'s new industrial strategy
- She said green subsidies should be slashed to help steel plants compete abroad

By [DANIEL MARTIN FOR THE DAILY MAIL](#)

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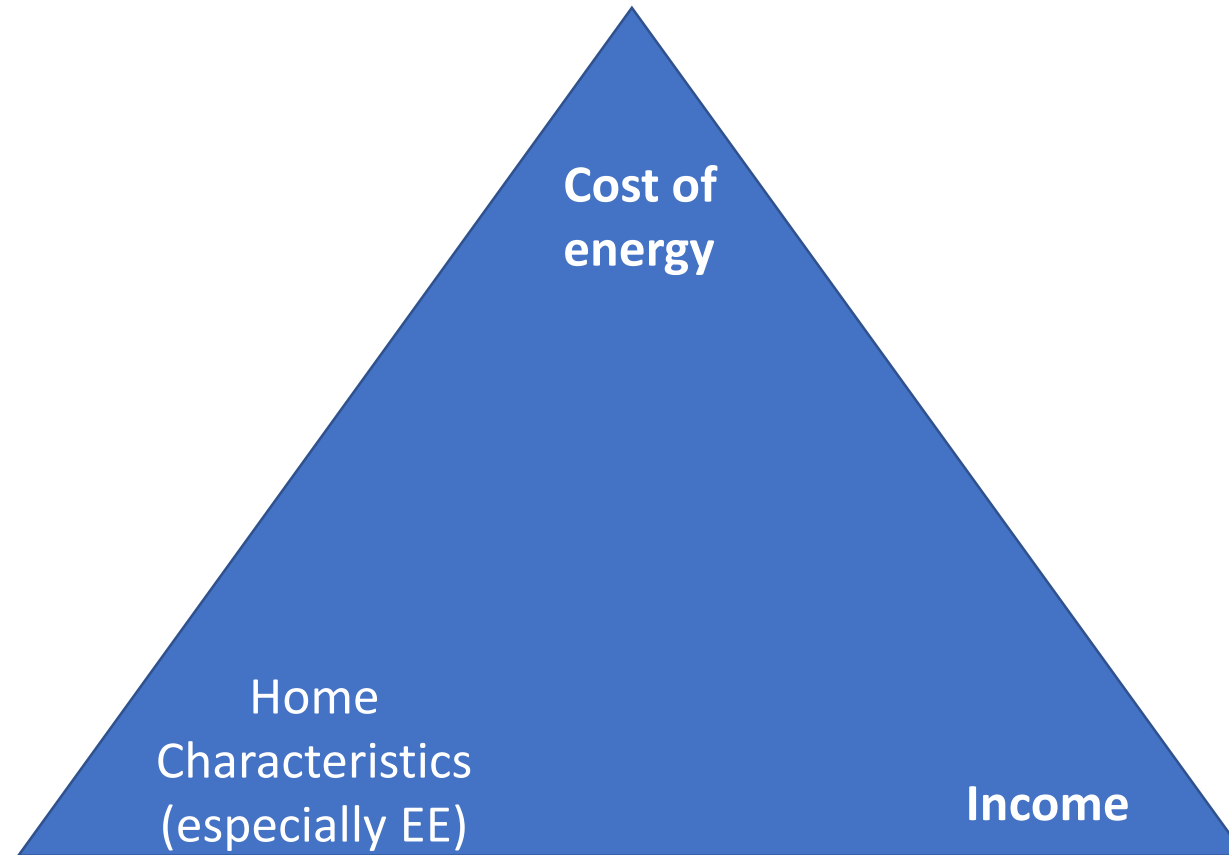
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DON'T

► 'She did well at first
Kardashian stunned a
UP' when sister Kylie
was pregn

► Ant hide

The Fuel Poverty Triangle



The Definition of fuel poverty in the UK

- Based on building energy model (same as used in EPCs) used to calculate the cost of energy required to heat and light the home
- Required energy cost to light the home and heat the home to 18deg in bedrooms and 21deg in living areas
- A household is in fuel poverty if energy cost is above average energy bill
 - And that household is below poverty line, or would be if it adequately heated or lit the home
- Note change away from 10% fuel poverty line

Figure 2.4: The proportion of households in each quadrant of the fuel poverty indicator



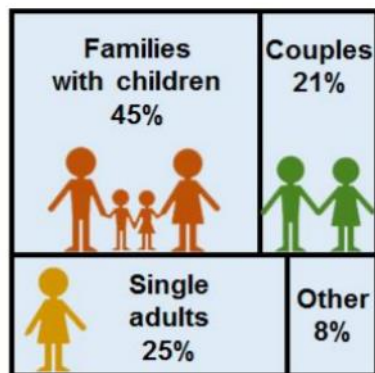
Who are the fuel poor?

The annual fuel poverty statistics reveal a lot about the typical fuel poor household, including dwelling and economic conditions.

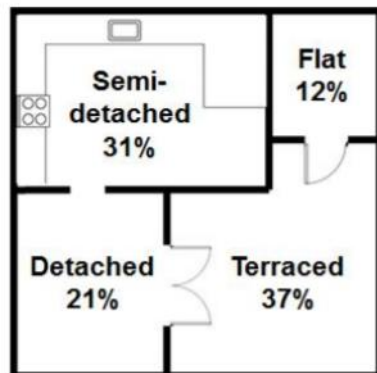


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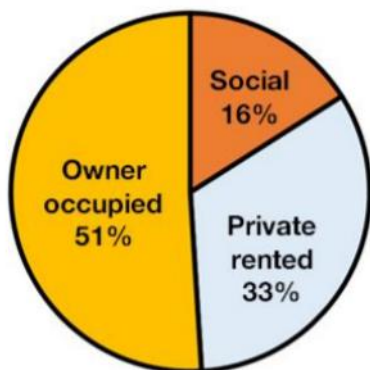
Mainly families



Living in larger homes

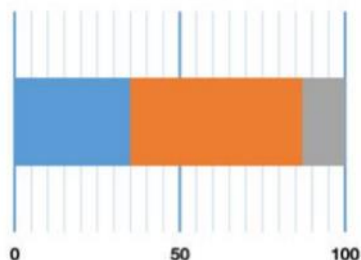


Usually private tenure



Living in old dwellings

■ Pre-1919 ■ 1919-1974 ■ Post-1974



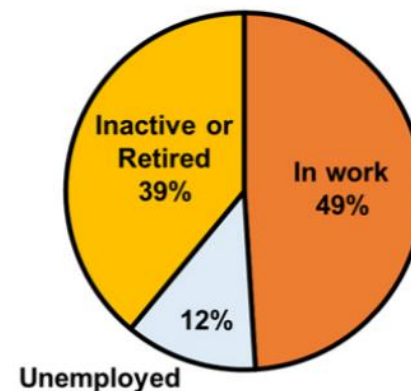
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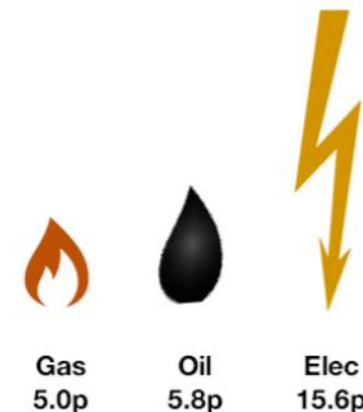


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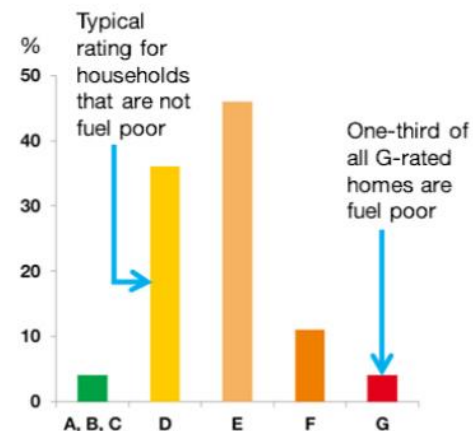
Working where possible



Pay high prices off-grid



Not energy efficient



Average gap per Band

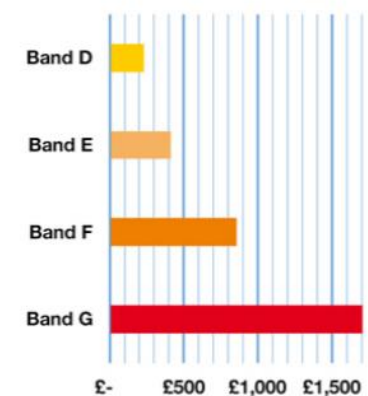
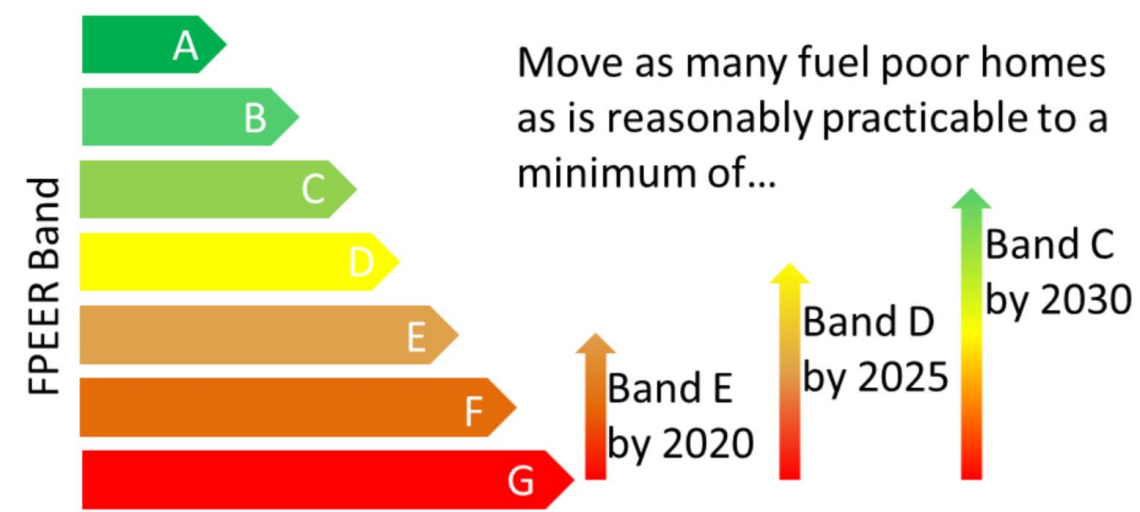


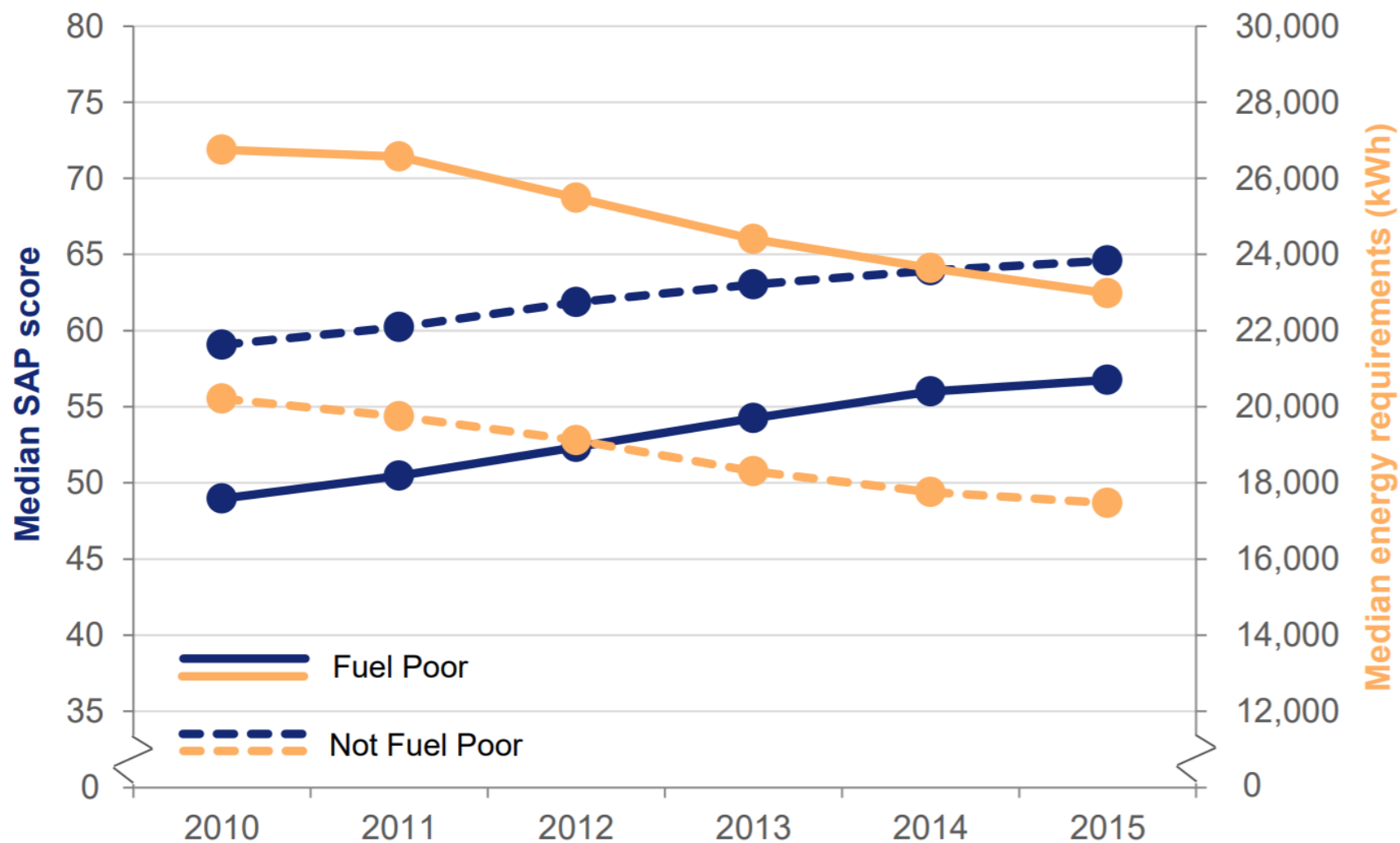
Figure 2.2: Fuel poverty targets for England



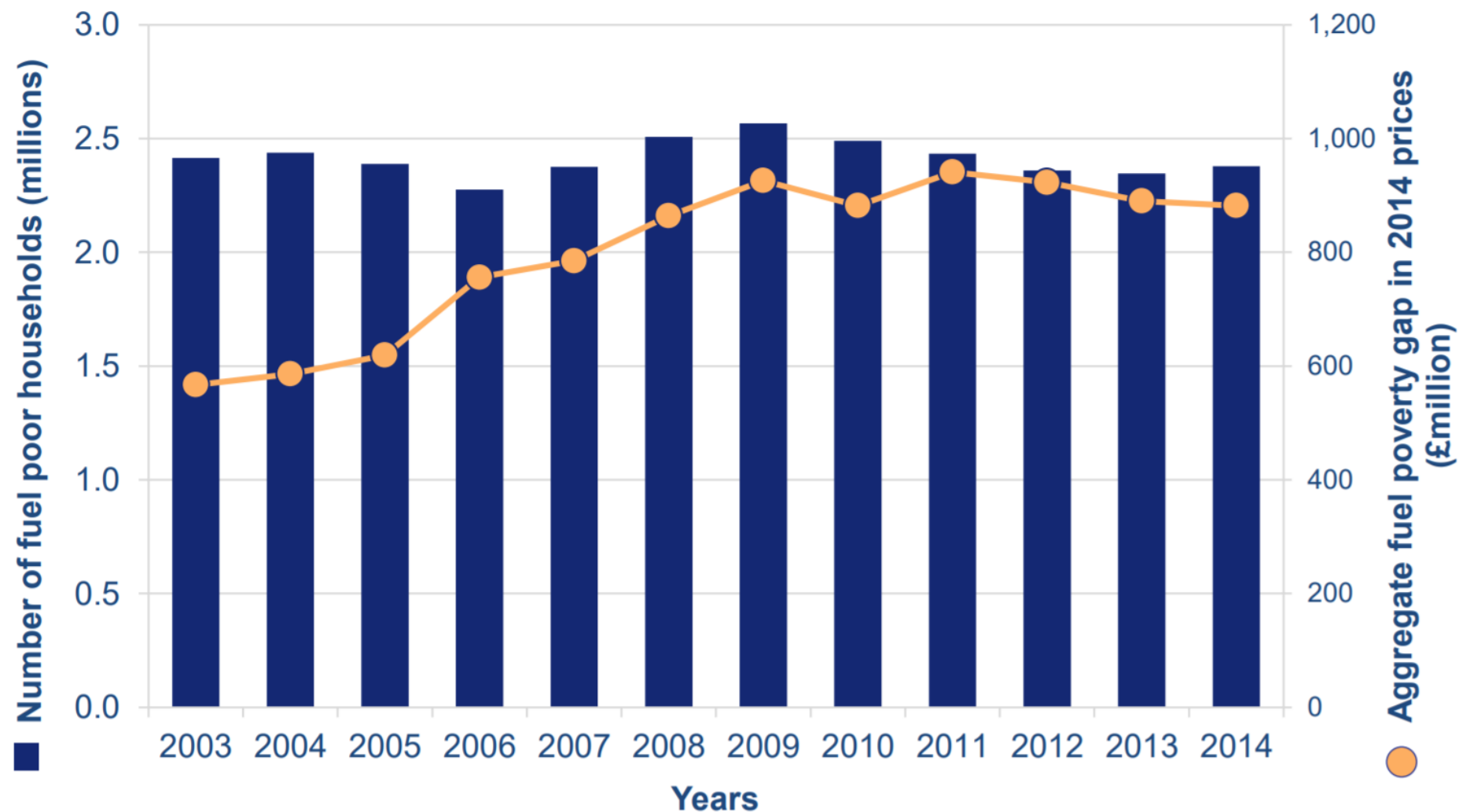
Year	Fuel Poverty Target	2010 (%)	2015 (%)	Percentage point change
2020	Band <i>E</i> or above	78.7	89.7	11.0
2025	Band <i>D</i> or above	29.4	63.1	33.7
2030	Band <i>C</i> or above	1.5	7.8	6.2

Fuel Poverty Strategy for England

Progress in
tackling fuel
poverty in
England



Progress in
tackling fuel
poverty in
England



The Energy Company Obligation

- Energy Company Obligation – 70% focused on fuel poor, expressed as a target for £ saved from energy bills for target group
- Approximately €678m /year investment

Challenges for an energy company lead approach

- Equity issues for the group of fuel poor customers that doesn't benefit from the programme?
- Energy suppliers focus on the most cost-effective households to meet their target

The screenshot shows the 'ignite.' website with a navigation bar including 'OUR SERVICES', 'ABOUT US', 'FREE BOILERS', 'NEWS', and 'CONTACT US'. A banner below the navigation bar reads 'Apply Today To See If You're Eligible For 100% Government Funding.' The main content area is titled 'DO YOU MEET THE CRITERIA?' and is divided into two sections.

Left Section: Do you qualify for a FREE A-rated efficient boiler?

If you or someone in your household qualifies you could soon be enjoying a **warmer** home and **lower energy bills**

- ✓ Oil Boilers
- ✓ LPG

Available to Owner Occupied & Privately Rented Properties.

Act now and request

Right Section: Help to Heat HHCR0 Eligibility Criteria

ECO: Help to Heat The consumer must meet one of the following criteria:

- A Income-Related Employment and Support Allowance
- B Income-Based Job Seeker's Allowance
- C Income Support
- D State Pension Credit (In receipt of Pension Credit Guarantee Credit or both Guarantee Credit and Savings Credit)
- E Tax Credits, and meets the income threshold, as per the table below:
- F Universal Credit, and meets the income threshold, as per the table below. Please note – at present DAAS can only data match against UC Live. UC Full Service data matching to be introduced at a later date.

Household composition	Tax Credit recipients Gross income (annual)	Universal Credit recipient Net earned income(monthly)
1 ADULT	£13,200	£1,100
and 1 child	£17,400	£1,450
and 2 children	£21,600	£1,800

Other Relevant Policies

Energy Efficiency

- Private Sector Regulation
- ECO

Energy Bills

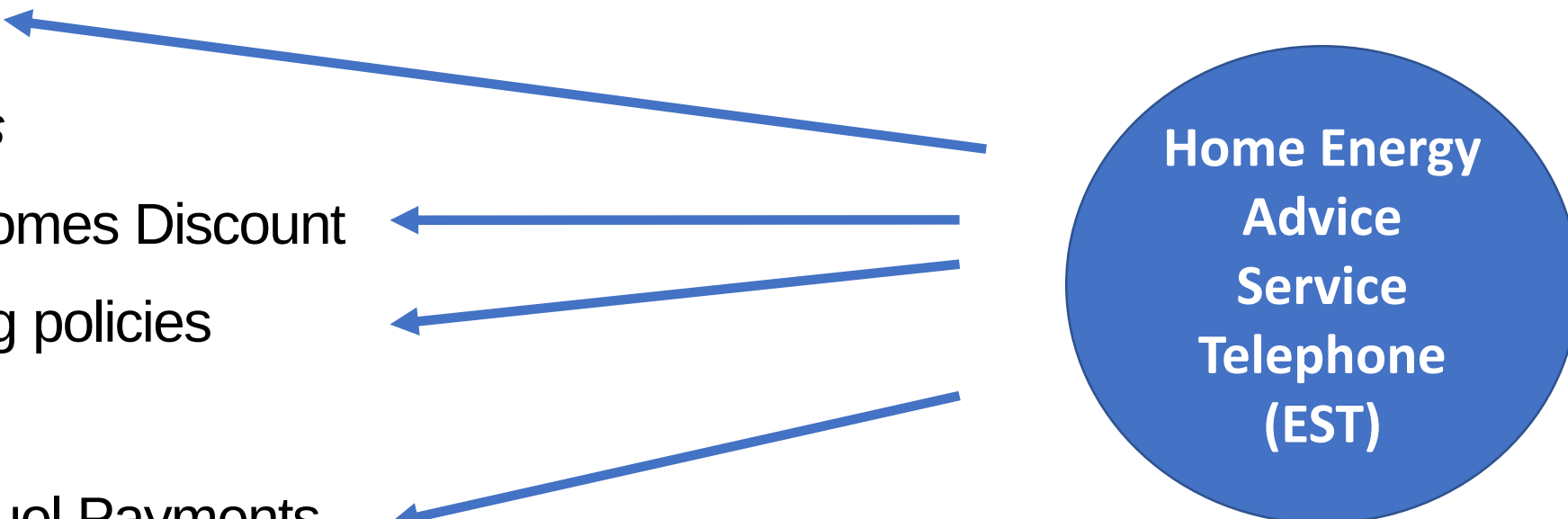
- Warm Homes Discount
- Switching policies

Income

- Winter Fuel Payments

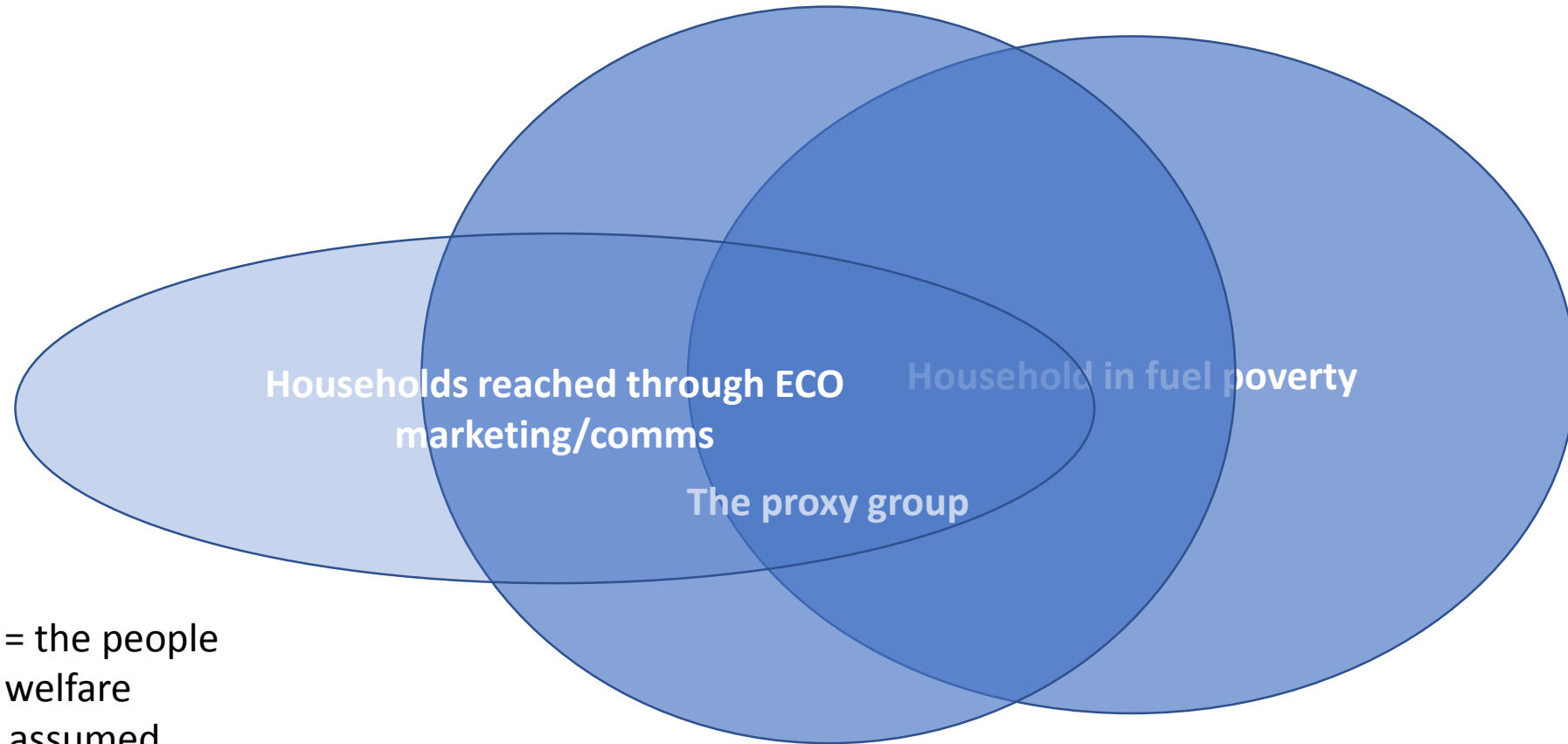
Housing

- Health and safety



Home Energy
Advice
Service
Telephone
(EST)

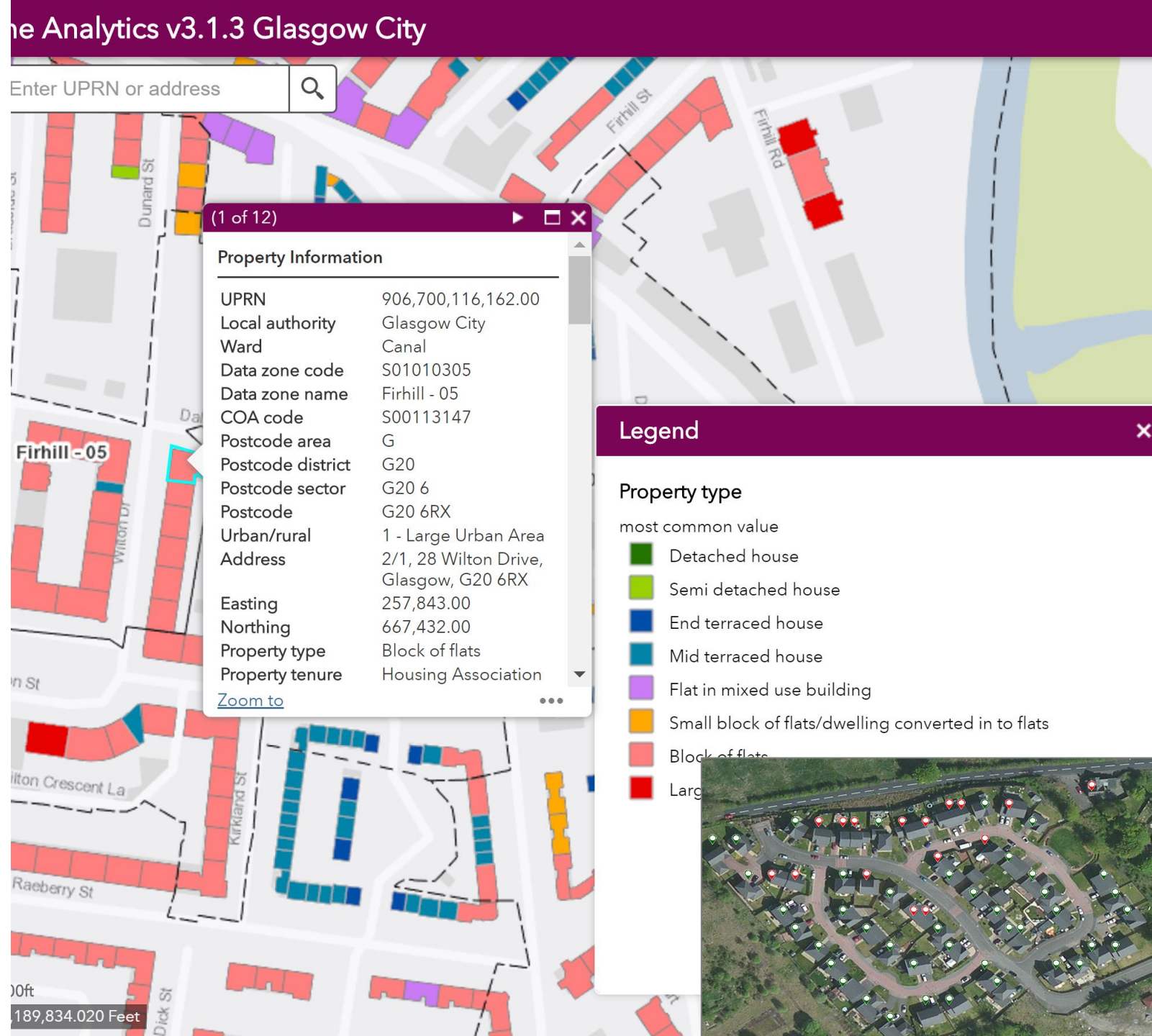
The targeting challenge



The proxy group = the people on certain social welfare support who are assumed likely to be in fuel poverty.

New approaches: targeting

- Big data analysis (EPC + other data sets to identify households at risk)
- Data matching (social welfare data – BIG PRIVACY ISSUES)
- Working through the health sector
- **Flexible eligibility**



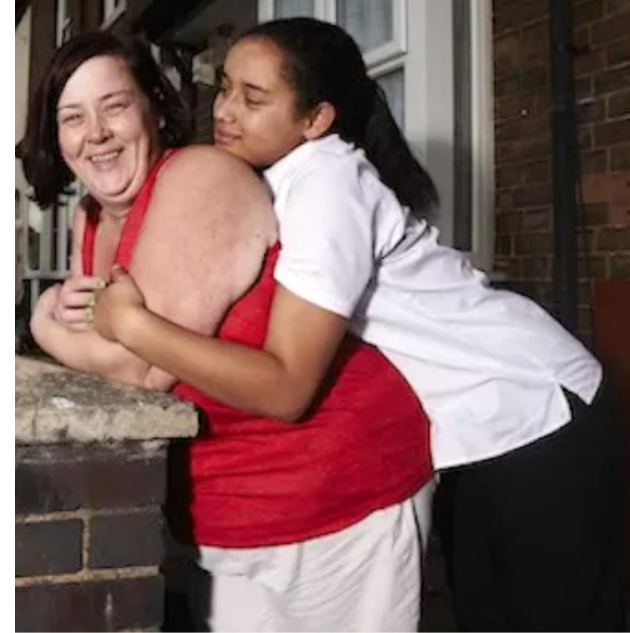
Key challenges for fuel poverty policy

- “offer fatigue”

Policy challenges

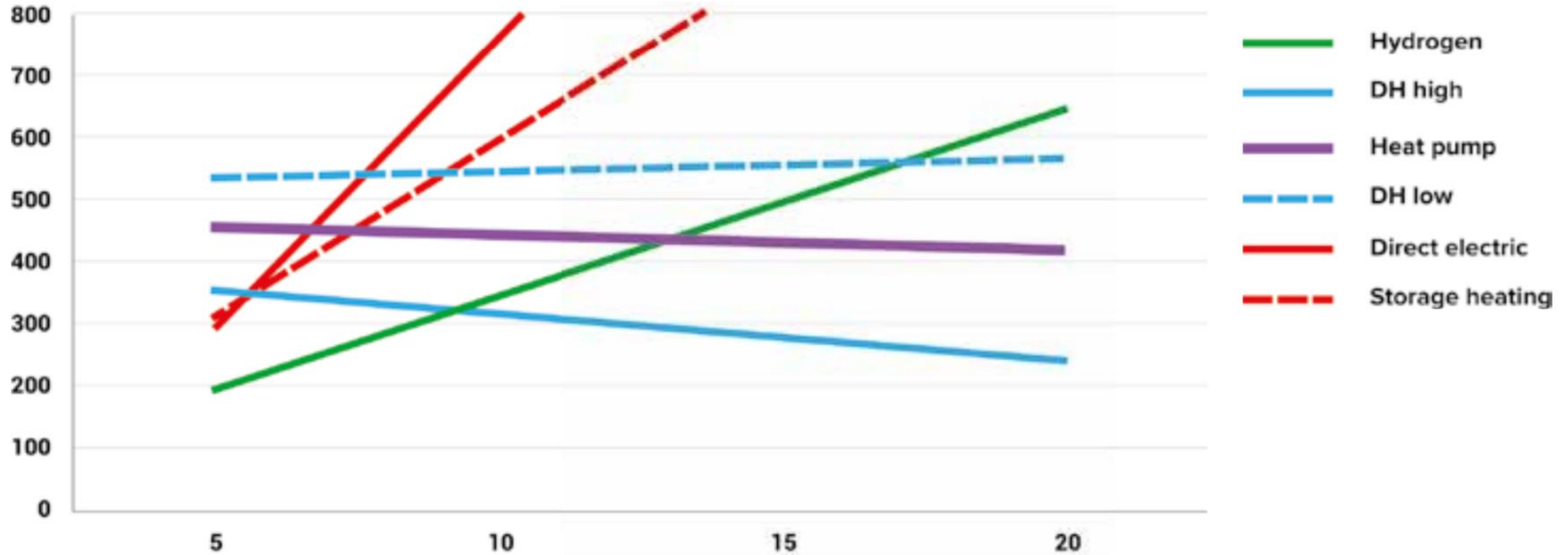
- Alignment with carbon policy
- Costs of measures – diminishing cost-effectiveness
- Split incentive/governance challenges

I didn't ask for those people who keep coming to my door, offering loft insulation or a boiler for free because I'm on benefits. Why can't people who are working, and struggling be entitled to free loft insulation as well?



Costs of the heat transition

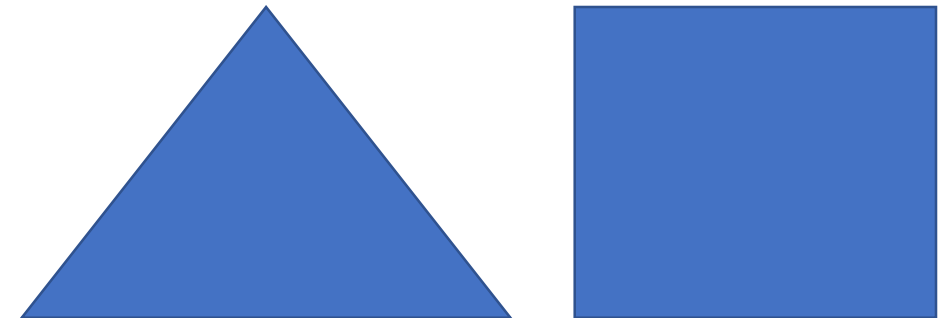
Annual additional costs (£) versus consumption (MWh)



Heat Decarbonisation Potential impacts on social equity and fuel poverty, NEA, 2017

Other new policy/implementation directions

- Whole house solutions – delivering comfort guaranteed energy savings
- Move away from a measures to an outcomes perspective?
- New technologies
- Behavioural advice



Thank you for listening



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