

Committee: Healthier Communities and Older People Overview and Scrutiny Committee

Date: 19 April 2012

Agenda item: 7

Wards:

Subject: EDF Energy tackling Fuel Poverty

Lead officer: Valentine Mulholland, Energy Policy Manager EDF Energy

Lead member: Councillor Suzanne Evans

Forward Plan reference number:

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Recommendations:

A. That the Panel members comment on the work of EDF energy to tackle fuel poverty

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1. To provide information on the work of EDF energy in tackling fuel poverty

2 DETAILS

2.1. Last year the Panel has raised concern about excess winter deaths in Merton which are above the national average. A special meeting was held to discuss this issue in November 2011. At the meeting it was agreed to invite energy companies to a future meeting to discuss the work they have been doing to help vulnerable people keep warm. The presentation attached sets out the work of EDF energy who will also attend the Panel meeting to discuss the issues and answer questions.

3 ALTERNATIVE OPTIONS

3.1. The Panel sets its own work programme

4 CONSULTATION UNDERTAKEN OR PROPOSED

4.1. None in relation to this report

5 TIMETABLE

5.1. None in relation to this report

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1. None in relation to this report

7 LEGAL AND STATUTORY IMPLICATIONS

7.1. None in relation to this report

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1. None in relation to this report

9 CRIME AND DISORDER IMPLICATIONS

9.1. None in relation to this report

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

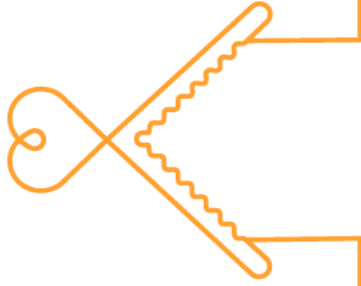
10.1. None in relation to this report

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- EDF Energy tasking fuel poverty presentation

12 BACKGROUND PAPERS

12.1.



EDF Energy tackling fuel poverty

Valentine Mulholland – Energy Policy Manager



Overview

- Who we are.
- The Warm Home Discount scheme.
- Insulation.
- Our Customers Commitment.



Background to EDF Energy

- EDF Energy currently supplies gas and electricity to over 5.5 million customers. We are the UK's largest supplier of electricity by volume, taking account of our business and residential customers.
- We are the UK's largest producer of electricity and the largest generator of low carbon electricity in Britain.
- We produce around one-fifth of the nation's electricity from our nuclear, coal and gas power stations, as well as combined heat and power plants and wind farms.
- The company is a key player in national infrastructure projects including involvement in the 2012 Olympics and plans to build up to four new nuclear power stations in the UK.



EDF Energy employs around 16,000 people at locations across the UK.

The Warm Home Discount Regulations 2011

- **The Warm Home Discount Scheme** was introduced by Government on the 1st of April 2011 and requires the larger UK energy suppliers to spend as follows on programmes of support to their most economically vulnerable customers.

	2011/12	2012/13	2013/14	2014/15
Suppliers total	£250m	£270m	£300m	£310m
EDF Energy	£25m	£31m	£36m	£37m

- Based on supplier gas and electricity market share.
Four parts to the scheme.



1. The Warm Home Discount Core Group Rebate

- Largest part of the scheme saw an estimated 680,000 customers in 2011/12 receiving help with electricity bills.
 - Department of Work and Pensions (DWP) data about clients in receipt of Pension Credit Guarantee only. Criteria will widen in following years.
 - Shared with energy suppliers so clients, where they or their partner are bill payers, received £120 electricity rebates December 2011 - March 2012 (rising to £140 by 2014/15).
 - Most customers received the rebate automatically – others whose data was not matched were invited to contact DWP on special number.
 - Prepayment customers also received these rebates.
 - We also wrote to those customers to offer them free insulation and our Priority Services Register.
- EDF Energy paid over 96,000 rebates this winter.



2. The Warm Home Discount Broader Group Rebate

- Requires suppliers to offer a further £120 electricity rebate to a wider group of customers at risk of fuel poverty.
- Most suppliers have slightly different criteria and will pay at slightly different times.
- EDF Energy Support Plus rebate was paid to over 43,000 customers:
 - ✓ In receipt of low income benefits AND
 - ✓ In receipt of disability benefits OR
 - ✓ With a child under 5 living with them
- Very challenging to identify that many customers so in addition to writing to our customers we also :
 - ✓ Developed a referral partnership with Scope and the DIAL network.
 - ✓ Worked with Leonard Cheshire Disability to raise awareness



3. Legacy Spend

- In 2006, EDF Energy was the first energy supplier to create a social tariff called Energy Assist and other suppliers then followed suit.
- As part of the Warm Home Discount, suppliers can also continue to support customers who benefit from such tariffs, although we are required to gradually phase these out over the next 3 years so that they are increasingly replaced by rebates.
- EDF Energy's Energy Assist tariff remains open to customers who meet eligibility criteria but many suppliers have already closed to meet their obligations under the WHD.
- In 2011/12, over 156,000 customer accounts have continued to benefit from the rebates that this tariff offers.



4. Industry Initiatives

- Suppliers can also spend a collective maximum £30 million on wider initiatives to support those living in fuel poverty.
- Ofgem must pre approve all partnerships and meet certain criteria:
 - ✓ Providing energy advice or training others to provide energy advice.
 - ✓ Energy debt relief initiatives.
 - ✓ Benefit entitlement checks .
 - ✓ Referral partnerships .
 - ✓ Energy efficiency measures not already funded by other programmes
- Must also prove how target customers at risk of fuel poverty and how offer value for money



EDF Energy Industry Initiatives – some examples

- EDF Energy Trust Fund
 - ✓ Supporting energy consumers in debt with grants to give them a fresh start.
 - ✓ Also funds debt and welfare workers in advice agencies
- London Warm Zone
 - ✓ based in Newham in East London where it started in 2001.
 - ✓ Working with 18 London boroughs on projects to deliver insulation, central heating and income improvement.
 - ✓ EDF Energy provide insulation programme, core sponsorship, seconded manager and funding for the benefit checks.
 - ✓ WHD to cover the house surveys and the benefit checks
- Co-funding of the Citizen’s Advice Energy Best Deal campaign



Making a difference for good: insulation

- The recent Hills Fuel Poverty Review for the Government has identified that the most sustainable way to tackle fuel poverty is through insulation to reduce energy bills.
- The largest national insulation programme is the Carbon Emissions Reduction Target (CERT) delivered by large energy suppliers and that costs about £1 Billion a year from 2008 to the end of 2012.
- EDF Energy is investing in £400 million in free and subsidised insulation, and this winter has offered loft and cavity wall insulation free to any household, and offered this to all our customers.
- However all suppliers have to deliver 10% of their measures in the homes of people who are in the Super Priority Group, and for those people this winter we have gone further and offered a £50 cashback per installed measure to those in that group.



Super Priority Group: eligible group

- (a) child tax credit and has a relevant income below £16,190
- (b)** income-related employment and support allowance, which must include a work-related activity or support component, **and** -
 - (i) has parental responsibility for a child under the age of five who ordinarily resides with that member; **or**
 - (ii) is in receipt of a qualifying component;
- (c)** income-based job seeker's allowance **and** -
 - (i) has parental responsibility for a child under the age of five who ordinarily resides with that member; **or**
 - (ii) is in receipt of a qualifying component
- (d)** income support **and** -
 - (i) has parental responsibility for a child under the age of five who ordinarily resides with that member; **or**
 - (ii) is in receipt of a qualifying component;
- (e)** state pension credit



Our new Customers Commitment

- EDF Energy's CEO announced on the 26th of March that we will be, once again, the first energy supplier to go beyond our regulatory commitments with the launch of a set of Customer Commitments which include a pledge for our most vulnerable customers.
- In time for this Winter, we will introduce a new rebate scheme for our most vulnerable elderly customers, who are identified by the Government as most in need, the Core Group, to ensure that they automatically benefit from our cheapest tariff.
- We have picked this group as we know that they are definitely eligible and also they are those least likely to use the energy market themselves to get the best deals that are available to all.



Home Heat Helpline

- The Home Heat Helpline is a free, not for profit phone line set up to help British energy customers who are struggling to pay their fuel bill and keep warm.
- Run by the 6 main energy suppliers through the Energy Retail Association.
- Provides 1 point of access to energy suppliers for vulnerable customers.
- Calls are free to **0800 33 66 99**.



thank you