



# Energy Industry Voluntary Redress Scheme

Response from the Centre for Sustainable Energy

8 April 2021

**1. Do you consider the funding split between the Main Fund (70%), Innovation Fund (15%) and Decarbonisation Fund (15%) to be appropriate?**

CSE considers the current funding split between the three funds to be appropriate. However, we would advocate for reviewing the Decarbonisation Fund allocation one year after launch, once a clearer picture has emerged of the type of projects being proposed and receiving funding. In addition, it would be helpful for future bidders to see a breakdown of the successful projects and funding allocations made under each scheme (i.e. by each fund as well as funding round and year).

**2. Do you consider the proportionate funding split between vulnerable consumers and all energy consumers to be appropriate? i.e. 70% to vulnerable consumers and a total of 30% to all energy consumers.**

It is CSE's view that Redress Fund overall should remain focused heavily on vulnerable customers. This includes the Innovation Fund as well as the main fund since there is currently a lack of innovation funding available for projects focused on addressing fuel poverty or energy inequality. Therefore, we would advocate for the funding split to be 85% to vulnerable consumers, with 15% for all energy consumers under the Decarbonisation Fund. This is because we assume that projects funded under the Decarbonisation Fund will have co-benefits for vulnerable consumers.

**3. Should a fuel voucher fund remain a permanent feature of the overall Energy Redress Scheme, so that it can react quickly to specific crises?**

Fuel vouchers are useful in an unprecedented crisis and for engaging new clients that are hard to reach, but it is CSE's view that they are not a long-term solution in isolation.

By engaging new clients, fuel vouchers also create new demand for our wider energy advice and case work services, which requires additional, ideally longer-term, funding to resource appropriately. Vouchers have a more sustained impact on people's lives when combined with energy advice and case work. Otherwise they just present a quick short-term fix.

CSE would recommend that a data-led impact evaluation is conducted of the roll out of fuel vouchers throughout the Covid-19 pandemic. What types of household benefited from fuel vouchers? How

significant was the short-term impact on their lives, both financially and mentally? Can vouchers contribute to addressing underlying causes of vulnerability?

**4. If a fuel voucher fund is set up, what type of consumer should be eligible to apply for these vouchers? e.g. vulnerable consumers, pre-payment meter consumers.**

If a permanent fuel voucher fund were set up, CSE would advocate for widening eligibility to all vulnerable consumers, not just those on pre-payment meters. It is CSE's experience from receiving pre-payment meter fuel voucher funding during the pandemic that we had to use additional resources to find support for vulnerable clients who were not on pre-payment meters but who still required emergency help.

**5. What are your views on expanding the applicant scope beyond charities and organisations that partner with charities? If you think the scope should be expanded, do you have any suggestions for how eligibility should be defined? (e.g. what legal structures/status should qualify? Should there be other qualifying criteria?)**

CSE does not believe that the applicant scope should be expanded beyond charities and organisations that partner with charities. Charities and the third sector are set up with the primary objective of delivering social benefit (as opposed to profit), are best placed to understand their local needs, and those (like CSE) who have an energy and fuel poverty focus have deeper experience of how to address fuel poverty at a local and nation level.

**6. How did you find the application process?**

CSE have generally had a good experience of the application process. The process is clear, and we have found that the team are excellent at giving us helpful feedback and advice when required.

**7. Did you have a good understanding of the eligibility criteria?**

It should be made clearer in the guidance that the Innovation Fund is currently for all energy consumers, not just vulnerable energy consumers.

**8. Do you have any feedback on what would have made the process better?**

The functionality to download the latest version of the application form in a Word document would be useful and would save time in the application process.

**9. Should we consider any other areas regarding the Energy Redress Scheme? If so, please provide an outline explanation of your suggested area(s). If possible, please outline any associated benefits and costs with your suggestion(s).**

We do not think that Energy Redress should consider any other areas of funding at this time. However, CSE believe that Energy Redress could work with prospective applicants to encourage and facilitate them to raise the level of ambition and impact of their projects, (e.g. to encourage larger more ambitious projects where appropriate).

In addition, CSE would recommend some form of independent evaluation of the impact of the fund as a whole which assesses the quality of the outputs of the funding, and investigates what gaps there are in funding for energy advice.

**10. Do you have any other general comments or feedback you would like to provide?**

CSE would welcome a review of the guidance on full cost recovery to ensure that Energy Redress understand the real overhead structure of modern charities. The current model used by the Fund (25% allowance for overheads on top of salaries) does not necessarily allow for full cost recovery for charities.