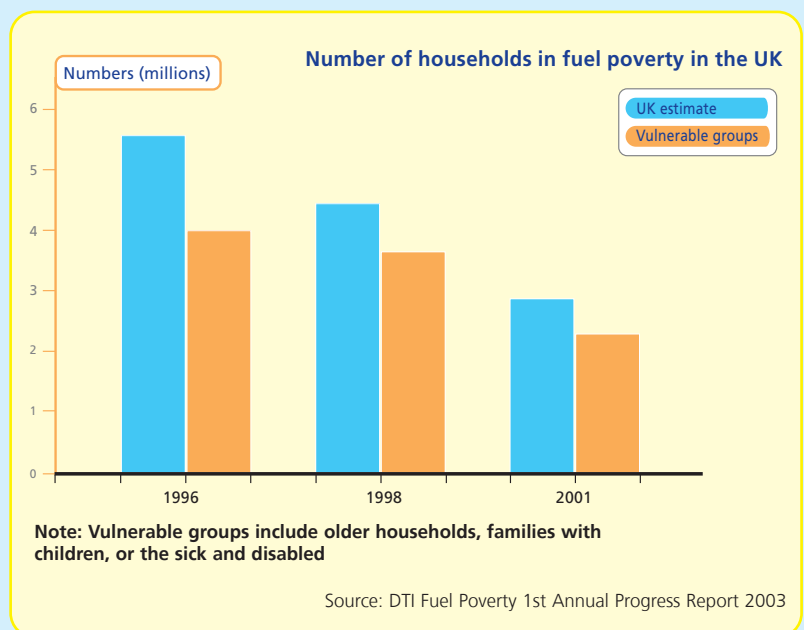


Ofgem's work to reduce fuel poverty

What is fuel poverty?

- **Three million households in Great Britain suffer from fuel poverty.**
- **These households need to spend more than 10 per cent of their income on keeping their homes warm.**
- **Ofgem's main contribution to tackling fuel poverty is through its work to reduce consumers' energy costs which, alongside low incomes and poor housing are one of the principal causes of fuel poverty.**



How does Ofgem help?

- **We ensure competition works for the benefit of all gas and electricity customers, including the vulnerable**

Since 1996, the number of fuel poor households has fallen from 5.5 million to around three million.

It is estimated that about half this reduction results from lower gas and electricity prices.

- **We administer the Energy Efficiency Commitment**

The Energy Efficiency Commitment (EEC) requires gas and electricity companies to help households install energy efficiency measures. Under the scheme half these measures must be targeted at households who receive tax credits or benefits.

- **We provide initiatives under our Social Action Plan**

Ofgem has a Social Action Plan (SAP) which is the focus for the development of initiatives on tackling fuel poverty. These contribute to the government's strategy on eliminating fuel poverty. A number of key research projects have been funded under the SAP.

- **We monitor supplier compliance with their social obligations**

Energy companies have to provide for the needs of a wide range of customer groups. Ofgem keeps a close eye on the delivery of services to vulnerable customers.

Competition and the fuel poor

- A priority for Ofgem is to make sure the competitive energy markets benefit all consumers particularly the vulnerable.
- Customers are switching supplier across all income groups and on all tariffs to benefit from the lower gas and electricity prices on offer.
- Ofgem is working to promote customer choice and to ensure that there are no barriers to prevent competition developing.

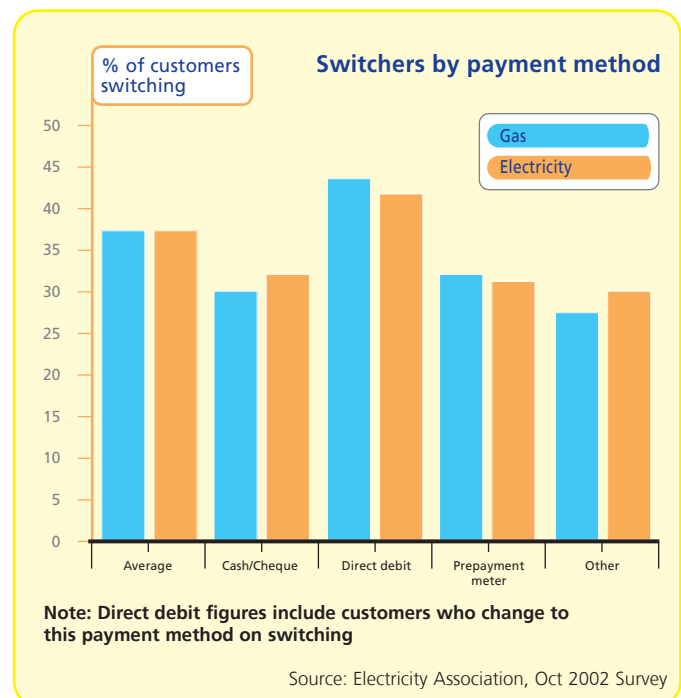
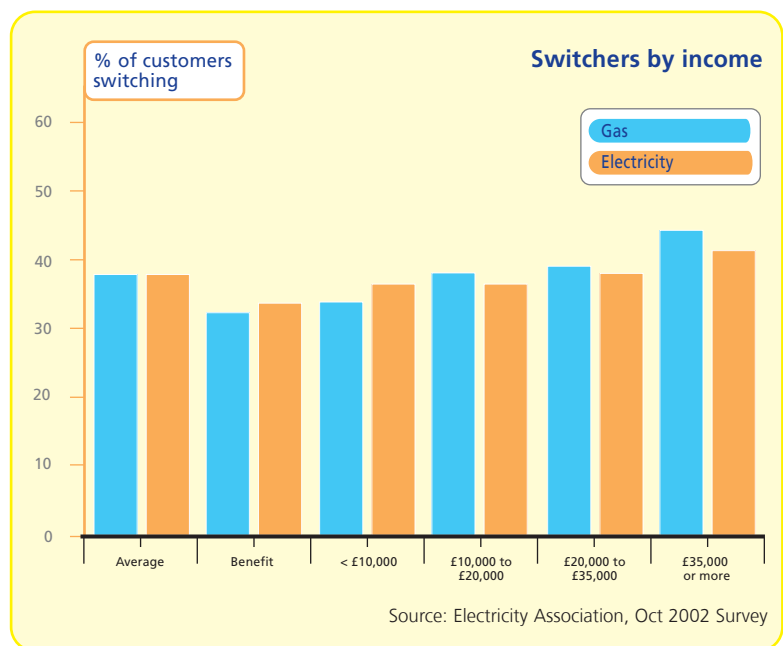
Suppliers' social obligations

Companies have to meet certain social obligations - which include:

- offering a range of payment methods
- dealing sympathetically with customers in debt
- giving energy efficiency advice
- providing a range of special services to vulnerable customers on the Priority Service Register.

Ofgem monitors companies' performance against these obligations and promotes good practice. This includes keeping track of disconnections, developing and promoting good practice on debt prevention, doing mystery shopping into the quality of energy efficiency advice, and working with agencies in touch with vulnerable customers.

Ofgem compiles regular reports on companies' performance. These are published quarterly on Ofgem's website www.ofgem.gov.uk



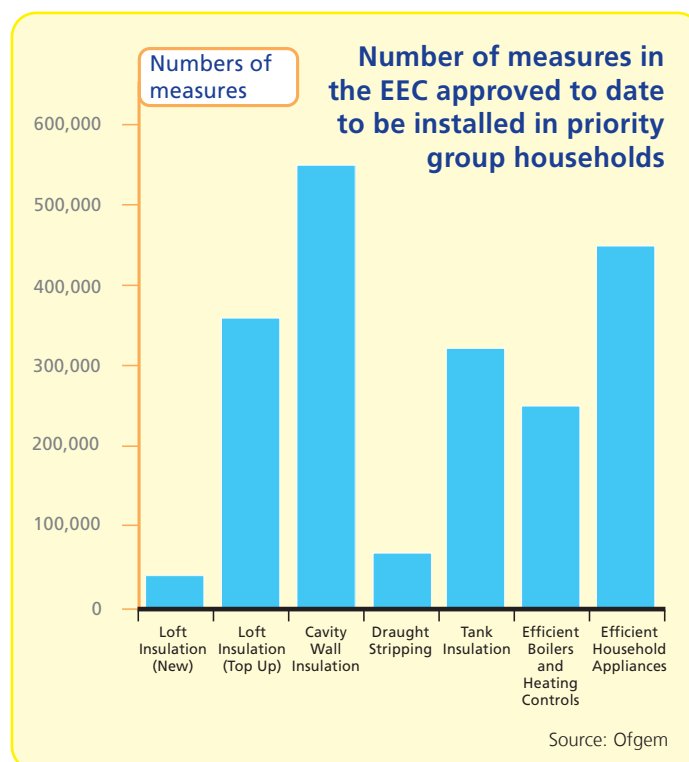
Energy efficiency measures for the fuel poor

For many customers on low incomes, providing advice and help with installing measures to improve energy efficiency can make a big difference to keeping warm and reducing their fuel bills.

Ofgem administers the Energy Efficiency Commitment (EEC) on behalf of the government. This programme places an energy savings obligation on gas and electricity suppliers. In practice, EEC involves helping households install energy efficiency measures in their homes.

Companies have to target at least half of the energy savings at households receiving income related benefits or tax credits - known as the 'priority group'. Ofgem's role is to oversee suppliers' work by approving each energy efficiency scheme they set up and by monitoring their progress.

Suppliers must also provide customers with energy efficiency advice. They have to operate a telephone advice service, and publish information on steps to take and where to get help.



As well as the wide range of measures illustrated in the chart opposite, companies have developed a range of innovative schemes to achieve savings for priority group customers. Examples include:

Local partnerships

A number of companies have developed partnerships with local authorities, social housing providers or charities to improve housing in poor areas.

Community heating schemes

Help with installing Combined Heat and Power (CHP) plants to provide all the electricity and heating needs for an entire housing project.

What will Ofgem be doing in 2003-2004?

■ **Researching companies' service to Priority Service Register (PSR) customers**

Ofgem will undertake research into the quality of service provided to Priority Service Register customers - customers who need special help - and the needs of this group.

■ **Promoting awareness about competition and energy efficiency among ethnic minorities**

Ofgem is supporting a pilot campaign being run by the London Borough of Camden and National Energy Action to promote awareness of gas and electricity competition among certain ethnic minority groups.

■ **Carrying out follow-up mystery shopper research into suppliers' energy efficiency advice services**

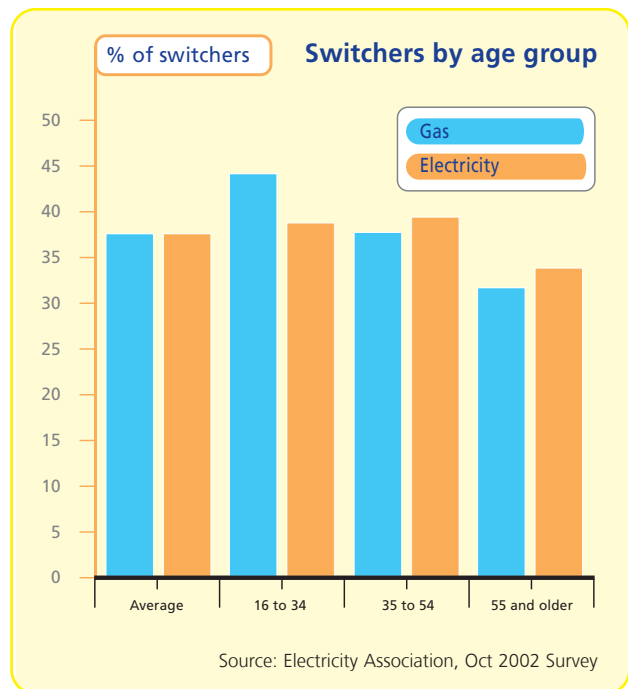
This will be undertaken to see how well companies are following Ofgem's good practice guidelines on energy efficiency advice. The results will be compared with research conducted by Ofgem in 2002.

■ **Investigating the cost of prepayment meters**

Ofgem is concerned that prepayment customers should pay no more than is necessary. A study will be undertaken into the costs of prepayment meters. There may be scope for reducing costs through innovation or improved efficiency.

■ **Monitoring debt prevention strategies**

Ofgem and energywatch will meet with gas and electricity companies to discuss how they are implementing debt prevention strategies. Guidelines on how to achieve this were published by Ofgem jointly with energywatch in January 2003.



■ **Helping prepayment meter customers in debt**

Ofgem aims to implement changes to allow many prepayment meter customers in debt to switch their supplier.

■ **Promoting innovation in payment and energy advice**

Ofgem will continue to support the 'Factor Four' project which aims to bring together advice and help for low income families in four key areas:

- energy advice
- budgeting advice
- the take up of energy efficiency measures, and
- bill payment.

For further information please contact:

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