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Fuel Poverty

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What is energy poverty?

Most member states regard energy poverty as a consequence of a combination of the following issues:

- **low household income;**
- **low energy efficiency** of the housing stock, and;
- **high energy prices.**

Leading to a situation where a household cannot afford to heat or cool its dwelling.



Low income high costs

What is fuel poverty?

Households in fuel poverty face both lower incomes and higher energy needs compared to typical households.



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Typical **English**
household



Typical **fuel poor**
household

Annual **income** after tax and housing costs



less
than
half

>



£9,330

Annual **energy needs**



£1,242

more
than
20%
higher

<



£1,513

Incomes are for 2012 and are adjusted to reflect spending power of households. Energy costs are also for 2012 and are those required to meet a standardised heating regime.



Fuel poverty in England: a strategic approach

To underpin activity we introduced a fuel poverty target for “*as many fuel poor homes as is reasonably practicable achieve an energy efficiency rating of **Band C** by 2030.*”

To guide our approach to meeting this target in March 2015 DECC published

Cutting the cost of keeping warm
A fuel poverty strategy for England



The strategy sets out two interim milestones to guide our approach in the nearer term – **Band E by 2020** and **Band D by 2025**.

The strategy also set out some key principles, including:

- Prioritising the **worst first**
- Having a regard for **vulnerable** homes



Changing scale: local

The strategy and legal target helps **prioritise the right activity** and **measure progress** across England – to improve the efficiency of the leakiest, most expensive homes.

However, the issue isn't uniform across the country. Different geographies have different housing stock and varying income levels.

e.g. In parts of London a very high percentage of the dwellings are flats. These homes are less likely to be high cost – less likely to be fuel poor or 'worst first'.

One of the London Local Authorities see '*sickest quickest*' as their priority. Reflecting that the problem in areas of London, may be different to England as a whole.





Changing scale: European

This rationale applies when changing the scale the other way.

The issues which are most profound in England will not be the most relevant for the rest of Europe. There are **different challenges**, relevant to each nation.

- The efficiency of the housing stock in the UK, is not comparable to Sweden.
- Achieving adequate warmth and related health issues in the UK, are likely to be a less significant problem in Spain and Portugal – but may be displaced by issues around affordability of cooling.





Delivering ECO to support those most in need

Obligated Suppliers in the UK deliver their obligation for fuel poverty in the following ways:

- Income benefits data matching
- Bi-Lateral partnerships with supply chain
- Partnership with Local Authorities
- Blending finance to deliver to other households in the area
- Very small suppliers trade their obligation to larger suppliers



Conclusion

- There are similarities in the issues facing the lowest income households across Europe.
- We can help each other by sharing experiences of what has worked and what hasn't. However there is no one size fits all solution.
- We shouldn't attempt to measure energy poverty in an identical way in all European Member States.
- We need to understand the nature of the problem affecting citizens in our own nation.
- With this understanding we can implement policies that address the underlying causes.