

# Countdown to Cold 2023

**Urgent action required.**



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As the founder and CEO of a specialist Smart+ Pay As You Go (PAYG) service I see financially vulnerable households go without the energy they need, which is unacceptable and avoidable.

With 92% of Utilita's households being smart-enabled, we are able to keep a close eye on those with vulnerabilities and help them out when they need it most - since 2021, we have helped our customers afford over £100M of energy when they have been unable to make ends meet.

Despite being one of the richest countries in the world, we are facing a humanitarian crisis in the UK that can be completely avoided.

I have submitted this paper to the Department for Energy Security and Net Zero (DESNZ) and Ofgem, listing the seven simple and urgent steps that will help to alleviate millions of households from fuel poverty this coming winter, and beyond.

## What are the main issues?

Fuel poverty charities report that 6.6m households in England and Wales will be in fuel poverty this summer<sup>1</sup> – almost double the 3.7m households the government reported as being in fuel poverty last year.<sup>2</sup>

Sadly – they're both massively understating the size of the problem. Based on the government's '10% of income' fuel poverty metric and last year's ONS household income data, 33% households are now in fuel poverty – that's 9 million or 1 in 3 households.

The government is yet to provide assurance – and consequently respite from fuel stress – for fuel poor households by failing to announce any official support or relief for this coming winter. The government's ECO schemes have three major flaws which preclude fuel poor households from benefitting right now. They are:

### ✓ **ECO4**

Many low-income property types – for example, flats and terraced properties – are less suitable or unsuitable for a heat pump, which undermines the ECO4 'all measure' approach, making it unfit for purpose for fuel poor households.

### ✓ **ECO+**

The new £1bn-a-year insulation scheme has still not been approved by the regulator, stalling suppliers from offering the insulation measures to customers with inefficient properties before this winter.

### ✓ **ECO4 and ECO+**

The regulator does not require suppliers to offer eligible customers ECO4 measures as part of the supplier licence conditions. For this reason, suppliers are faced with consent issues, limiting who they can proactively offer support to.

Ofgem and DESNZ are ignoring the fact that 2.25 households still have a traditional PAYG meter and will be left to suffer in silence this winter, with no lifeline. Suppliers are still allowed to install the old-style traditional meters.

Government financial support schemes such as the Winter Fuel Allowance (WFA) and Cold Weather Payments (CWP) ignore vital information such as a property's energy efficiency performance (WFA), and have been designed in absence of any empirical data (CWP).

<sup>1</sup>National Energy Action

<sup>2</sup>Annual Fuel Poverty Statistics in England, 2023 (2022 data), Department for Energy Security and Net Zero

# The 7 simple and urgent steps to alleviating fuel poverty

Action	Impact	Responsible	Realistic deadline
<b>1</b> Immediate ban on legacy meter installs and a mandate for suppliers to prioritise smart installs for low-income households.	No household suffers in silence.	OFGEM	<b>Immediate</b>
<b>2</b> Mandate suppliers to communicate the ECO4 scheme with eligible customers as a supplier licence condition.	Suppliers can proactively target fuel poor households in thermally inefficient properties without concerns around marketing consent.	OFGEM	<b>Immediate</b>
<b>3</b> Launch a public awareness campaign to urge households to get smart-enabled, to avoid suffering in silence.	No household suffers in silence.	DESNEZ SEGB	<b>Immediate</b>
<b>4</b> Revise the 'all measures' approach to ECO4 to enable low income households to benefit.	Suppliers can confidently fit ECO4 measures and improve the thermal efficiency of more fuel poor households.	OFGEM DESNEZ	<b>Immediate</b>
<b>5</b> Approve ECO+ plans.	Suppliers can start insulating their customers' homes with reassurance.	OFGEM DESNEZ	<b>By end of June 2023</b>
<b>6</b> Announce £593-797* direct energy assistance for the lowest income households.	Provide reassurance and alleviate fuel stress.	TREASURY	<b>By end of July 2023</b>
<b>7</b> Revise winter-related policies to factor in weather and energy performance certificates.	Provide households with adequate support.	DESNEZ DWP TREASURY	<b>By end of August 2023</b>

\*Utilita's Smart Data and Fuel Poverty Avoidance Report 2023

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