



11 July 2018

Mr Dermot Nolan,  
Chief Executive,  
Ofgem,  
10 South Colonnade  
London E14 4PU.

Dear Mr Nolan,

### **Preserving and extending the Safeguard Tariff**

The End Fuel Poverty Coalition is a broad coalition of anti-poverty, environmental, health, trade union and consumer organisations working together to eradicate fuel poverty. The coalition campaigns to influence government and other bodies to take action to end fuel poverty and thereby improve people's health and quality of life, reduce living costs, create jobs and drive down carbon emissions.

The Domestic Gas and Electricity (Tariff Cap) Bill is currently in the latter stages of going through Parliament. It is likely that the legislation will result in standard supply licence conditions being modified to establish a cap on Standard Variable Tariffs (SVT) and default rates charged to domestic consumers for gas and electricity. As you will be aware, vulnerable consumers are less likely to switch tariffs for reasons including disengagement, limited internet access and debit and credit checks. This means that many vulnerable consumers are on the highest tariffs and paying more than they should for gas and electricity. Whilst dramatically improving domestic energy efficiency levels remains the most enduring solution to adequately addressing fuel poverty, the coalition believes it is right to impose a cap on these domestic charges.

The coalition has also advocated an extension of the current Safeguard Tariff. Currently the tariff is only available to those in receipt of the Warm Home Discount (WHD), which largely consist of poorer pensioners, who are automatically eligible, and some households who apply for assistance (the 'broader group'). This means that many households who are of working age, are in the lowest income deciles and are burdened by high living costs miss out on the vital support provided through the scheme. An extension of the Safeguard Tariff is therefore essential to ensure these vulnerable consumers do not slip through the net and are not needlessly exposed to price rises. The coalition is however very concerned that, rather than being expanded, the Safeguard Tariff may be prematurely withdrawn.

We feel it would be a big mistake to assume that the new cap will protect exactly the same households that are already protected by the Safeguard Tariff. We also think it is very likely that the relative values of those two caps will be different, given the requirements imposed on Ofgem within the draft legislation. Failing to preserve and extend the current Safeguard Tariff could therefore mean many low-income households are exposed to increases in their bills. The impacts of this could include anxiety over future price rises and the adoption of unsafe coping mechanisms such as under-heating a property. By contrast an extended Safeguard Tariff, working alongside the SVT-wide cap, would ensure more vulnerable consumers are protected while the wider cap is in place and beyond.

We hope you will take this key opportunity. We would also welcome a chance to meet with you to discuss our concerns and how they can be addressed.

Yours sincerely,

Jenny Holland,  
Chair,  
End Fuel Poverty Coalition.

**The End Fuel Poverty Coalition is supported by:**

10:10 – Action with Communities in Rural England – Advice4Renters – Age UK  
Association for the Conservation of Energy – Association of Local Energy Officers – Camden Council  
Camden Federation of Private Tenants – Centre for Sustainable Energy – Child Poverty Action Group  
Disability Rights UK – E3G – Energy Saving Trust – Friends of the Earth – Fuel Poverty Action  
Generation Rent – Islington Council – National Energy Action – Oxford City Council – UNISON