



END FUEL POVERTY COALITION
FUTURE OF ENERGY BILLS CONSULTATION RESPONSE
20 January 2022

Our energy system is broken and current government inaction is costing lives and wasting money. Millions of people are living in cold damp homes, which they can't afford to heat, and our overreliance on fossil fuels means high bills are here to stay unless the government acts now.

The End Fuel Poverty Coalition, as part of the wider Warm This Winter campaign is calling on the government to take decisive action to fix our broken energy system by:

1. targeting extra help to people who can't afford to heat their homes and banning companies from forcing those who are already struggling onto more expensive prepayment meters;
2. funding a national programme to upgrade homes now, starting with those hardest hit by the crisis, to increase energy efficiency and reduce waste; and
3. stopping subsidising oil and gas companies to the tune of billions of pounds, instead investing in harvesting our cheap and abundant homegrown renewable resources.

It's time for the government to prioritise action that will bring down energy bills and benefit ordinary UK households.

On the targeted support which is being examined in this consultation, we support the recommendations of National Energy Action in their response.

However, we also have several additional broad points to make.

1. Energy bills will go up, planned Government support will reduce

While the Energy Price Guarantee will continue to cap the unit cost of energy, all energy bills will increase from 1 April 2023 – at the same time as the Energy Bills Support Scheme finishes.

The final increase will depend on energy prices, [which have fallen](#) in recent months, but currently predictions range from a 12% to 20% increase on 1 April 2023 from where we are now.

In 2022/23, the most vulnerable households were given support of up to £1,500. According to [media reports](#), for 2023/24 the figure reduces to £1,350. [A 10% cut in support.](#)

In addition, the timeframe for the support has been stretched. In 2022/23 the support was designed to last 9 months, in 2023/24 this reduced support has to last households a full 12 months.

The support the Government provides the most vulnerable households must be AT LEAST equivalent to that already in place.

2. Electricity customers are unfairly treated

These changes come on top of additional increases in energy costs which many [Economy 7 customers saw on their bills from 1 January 2023](#).

Figures, from Future Energy Associates, [found that](#) average annual rises of £116 for electricity-only Economy 7 tariffs, revealing an 7.6% increase. The result is that the 2.5m Economy 7 users are among the worst hit and now pay 46% more than other electricity tariffs (an average of £464 per household, per year, although many electricity-only households use significantly more than an average household).

Standard credit customers also saw their electricity bills increase, while there was variation in changes of unit rates for those on direct debit and prepayment meters.

Compared to those customers on dual fuel tariffs, electricity rates are now 2% more expensive for electricity-only customers.

With 2.1m households only using electricity for their heating, many are struggling to stay warm this winter.

The Government to act to fully include electricity only tariffs in the Energy Price Guarantee, extend the “alternative fuel payment” of £200 to all households on electricity only tariffs.

It must also commit to roll out reforms to the [energy pricing arrangements as soon as possible](#) so that we can benefit from increased levels of low-cost, renewable, electricity generation.

3. Off-grid homes must be further supported

Support in 2023/24 for households not on means-tested benefits and those living in “off gas grid” properties have also yet to be confirmed by the Government. This, again, should be in line with support provided in 2022/23 as a minimum.

4. A failure to implement more support will lead to increased pressure on the NHS

[Analysis of the official data](#) has revealed that over 1,000 people died in England as a result of living in cold damp homes in December 2022.

The data for December 2022, the levels of excess winter deaths caused by cold homes exceeded those of December 2021 and were similar in level to the Covid-pandemic-affected data of December 2020.

Indeed, for two weeks of December 2022 excess deaths exceeded the levels seen in December 2020.

In total there were 1,047 excess winter deaths caused by living in cold damp homes in England in December 2022, this is up from 768 in December 2021. In December 2020 there were 1,518.

Additionally, figures calculated by the Coalition using official government data (including that from devolved statistical bodies, puts the total excess winter deaths for 2021/22 which was a relatively mild winter at 15,069 of which 3,240 were as a result of living in cold conditions.

Over the last ten years, the [average number of excess deaths each winter](#) caused by cold damp homes now stands at 7,409.

Without support for the most vulnerable, the Government can expect to see these numbers continue to grow in 2022/23/24 and pressure on the NHS continue at levels at least similar to this winter.

5. Not all support needs to be financial

We have seen in recent weeks a growing realisation that not all support for households needs to cost the Government money. However, failure to act to improve the energy market in this regard could pose a future threat to households and lead to higher levels of fuel poverty. As always, prevention is cheaper than cure.

For example, the Government must act to end disconnection from energy supplies “by the back door” (formally called self-disconnection). There are a range of financial and non-financial measures which can be implemented to achieve this. For example:

- Reduce the number of households using a prepayment meter
 - Moratorium on transfers (BEIS/Ofgem/Suppliers)
 - Ban on forced transfers to pre-payment meter (PPM) or switching smart meters to pre-payment mode (BEIS/Ofgem/Suppliers)
 - Moving vulnerable households away from PPMs (Ofgem), including through better use of smart meters (Ofgem)
 - End exit penalties / installation charges for non-PPM meters (Ofgem/Suppliers)
- Addressing the price structure of energy for prepayment customers
 - Social Tariffs / Energy For All (BEIS/HMT, see below)
 - Reducing PPM differentials with Direct debit tariff (Ofgem/BEIS, there is currently an average 2.56% premium on PPM tariffs)
 - Reduce standing charges (Ofgem/HMT)
- Targeting support to prepayment customers
 - Identify households that self-disconnect (Ofgem)
 - Develop package of financial support for PPM customers to stop them self-disconnecting (HMT)
- Addressing the debt burden for prepayment customers

- Ensure suppliers are meeting their obligations re debt (Ofgem)
- A debt repayment matching plan (HMT)

6. Future tariffs and leaving the Energy Price Guarantee

In consideration of the future, the Government must not go back to the broken energy market.

[Proposals for social tariffs](#) have been put forward by organisations such as National Energy Action, Scope and Age UK. A social energy tariff is a discounted, targeted tariff aimed at those in greatest need to ensure they are able to live in their homes comfortably.

There is an additional option proposed by Fuel Poverty Action and New Economics Foundation for an “energy for all” allowance, which has [attracted widespread public support](#). Energy For All means giving everyone a free amount of energy – that is enough energy, free, to cover the basics like heating, cooking, and lighting – to give us all the security we need, taking account of people’s actual needs related to their age, health, and housing.