



**Fuel Poor Network Extension Scheme
(FPNES) Consultation
Energy Action Scotland Response**

29 January 2021

Energy Action Scotland¹ is the Scottish charity dedicated to ending fuel poverty. Energy Action Scotland has been working with this remit since its inception in 1983 and has campaigned on the issue of ending fuel poverty and delivered many practical as well as research projects to tackle the problems of cold, damp homes. Energy Action Scotland works with both the Scottish and the UK Governments on energy efficiency programme design and implementation. Energy Action Scotland welcomes the opportunity to respond to this consultation.

Energy Action Scotland's response focuses primarily on those areas that it considers may impact most on fuel poor and vulnerable consumers. Energy Action Scotland is not a health organisation, but we are concerned about the health impacts of living in fuel poverty and that respiratory conditions which are exacerbated by living in a cold, damp home make up a high proportion of Scotland's excess winter deaths, which are linked to living in fuel poverty.

A household is considered fuel poor in Scotland if the household's fuel costs are more than 10% of its income and what is remaining is not enough to maintain an acceptable standard of living.² Fuel poverty is driven by four main issues, these being high energy costs, low disposable incomes, poor energy efficiency of homes and how energy is used in the home.

Comments on general provisions

Energy Action Scotland supports the ongoing provision and aims of the Fuel Poor Network Extension Scheme (FPNES), we support the inclusion of health-based eligibility criteria which aligns with provisions under policies such as ECO LA Flex and support the conclusions of the Scottish Government's Fuel Poverty Strategy: health impact assessment³. In addition, we welcome the renewed focus on the provision of energy advice and financial help for fuel poor homes, recognising the opportunity that a gas extension measure offers to engaging with low-income consumers.

The provision of FPNES and obligations including the Network Innovation Allowance (NIA) and Priority Service Register brings licenced network operators into direct relationship with individual households. For FPNES this can mean providing energy services either themselves or via Partner Organisations. For licensees in the energy retail there are a set of enforceable overarching rules aimed at ensuring each domestic customer is treated fairly⁴. For the activities undertaken by GDNs / fuel poor Partner Organisations we would expect explicit provision in the governance of FPNES to require that the spirit of these rules is adhered to in any GDN / customer relations, e.g.

¹ www.eas.org.uk

² Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019

³ <https://www.gov.scot/publications/fuel-poverty-target-definition-strategy-scotland-bill-fuel-poverty-strategy/pages/13/>

⁴ https://www.ofgem.gov.uk/system/files/docs/2019/02/licence_guide_standards_of_conduct_0.pdf

GDNs (and their representatives) must ensure that each customer is treated fairly.

- Behaviour towards consumers
- Providing customers with information
- Customer service processes
- Considering vulnerable domestic customers

Providing customers with information – the installation of a new mains gas connection and meter is now likely to require the installation of a smart gas meter which will mean the associated installation of an electrical smart meter to act as the WAN communications hub. As such, and in line with the principles of customer fairness we would expect explicit provision in the governance of FPNES to require that from planning, installation and completion of the new gas connection leading on to the conversion, and metering equipment that the process at meets the minimum standards energy suppliers for the customer facing aspects of smart meter installations, including specific requirements relating to vulnerable consumers⁵. There should not be a two-tier approach to something which from the customer’s perspective, is the same process.

In addition, for GDN / fuel poor partner organisation reporting we would advise the addition of a mechanism to report whether the householder is referred to that licence holder’s Priority Services Register scheme in accordance with standard condition 10 (Special services and complaints procedure)⁶.

Comments on specific provisions

2.4. a) iii. Is the intention for this to confer eligibility on the basis of a HEEPS:ABS or just any Scottish Government (SG) policy prefixed by “HEEPS:”⁷? The Area Based Scheme (ABS) is a private sector area-based selection criterion reliant on population deprivation indices, a process which was utilised under a previous FPNES governance schema? The Welsh NEST scheme eligibility is a private sector scheme based on the individual's circumstances, not the area they live in. As such, the closest equivalent in Scotland would be the Warmer Homes Scotland⁸ scheme which is a private sector grant scheme and so would exclude social housing.

Social housing has also been included in some of the SG's previous HEEPS schemes. The classification of HEEPS is much too wide a classification for it to confidently target fuel poor homes. For the private sector, the Warmer Homes Scotland (WHS) eligibility would be the best option to fit within the intention of this criterion 2.4 a) with the proviso that the limitation of the Repairing Standard⁹ as it is applied to the PRS under the WHS scheme does not exclude the property from being included within the scope of the FPNES.

⁵ <https://www.smicop.co.uk/code-of-practice/>

⁶ <https://epr.ofgem.gov.uk/Content/Documents/Electricity%20Distribution%20Consolidated%20Standard%20Licence%20Conditions%20-%20-%20Current%20Version.pdf>

⁷ <https://www.gov.scot/policies/home-energy-and-fuel-poverty/energy-saving-home-improvements/>

⁸ <https://www.warmworks.co.uk/>

⁹ <https://www.gov.scot/publications/repairing-standard/>

2.5. b) ii. It may be simpler to classify this criterion as “*not standard cavity wall*”? By providing a non-exhaustive list of potential construction types to be included, this will encourage discussion related to constructions which appear to not be included,

e.g. “*timber frame*” is not in EPC terms, “*system built*”, it has its own classification. Indeed, the term “*system built*” for EPC assessors is taken to include everything that can't be classified as stone, solid, cob, cavity or timber frame; it's effectively a default wall classification in the absence of any other positive identification.

2.14. “an intention on the part of the householder/tenant to install gas fuelled appliances “

For the private rented sector, it is highly likely that the landlord rather than the tenant would be the responsible party providing the route to funds for the installation of the gas appliance. Even in the case that the tenant can secure funding, they will still need to obtain the landlord's permission to enable the works to go ahead. We would suggest reviewing the use of the term “tenant” for this provision.

2.15. “Requirement to assess whether gas is the best solution”

This needs to be much clearer around what is meant by “best solution”. If it is the intention that mains gas is to be connected in order for an efficient gas appliance to tackle fuel poverty, then we would suggest that the assessment of effectiveness is based around the impact of such an efficient gas appliance to move the occupant either out of fuel poverty, or to affect a significant reduction in the fuel poverty gap. Neither of which could be confidently achieved via the tools available via the Simple Energy Advice website for the Scottish context.

The assessment of “best solution” should include a counterfactual related to the provision under 2.14 that a gas appliance is installed in a timely manner, i.e., that the installation of a new gas connection may not be the “best solution” if the gas appliance is not installed within a set period. A person left with a gas connection and no appliance will continue to heat their home for the time after the FPNES supported connection with their existing system and incurring a standing charge for the gas meter. It may be the case that within a year the householder would have been better off not having the connection to avoid paying the additional gas meter standing charges which could be in the region of over £100 depending on the payment method. The assessment for “best solution” is not assessing the potential for the gas connection to save the occupant on their energy bills, it is assessing whether a new and efficient gas appliance enabled by the new connection is able to realise significant savings. This being the case, the counterfactual must be included in the assessment.

2.16. “Provision of information to the customer”

Needs a greater emphasis on advice and referral to home budgeting assistance and locally based money advice services that aim to reduce the pressure on limited household budgets e.g., food banks.

In addition, for GDN / fuel poor partner organisation reporting we would advise the addition of something that identifies the method of information provision i.e., how the advice under 2.16 c) and 2.16 d) is delivered e.g., verbal phone based, verbal face-2- face, written information?

4. Partnership Approval Process

All fuel poor partner organisations must be governed by the same "fairness" principles as outlined earlier in this response document.

4.1 "fuel poor vouchers"

Time frames for physical works and the installation of new energy efficient appliances can stretch and with respect to the current COVID-19 restrictions, it may be difficult to arrange the ground works and the installation of new combustion appliances in a timely manner, where occupants have concerns regarding the necessity for shielding. To avoid the devaluing of "vouchers" over time we recommend the form of the "voucher" is qualitative, not quantitative, it should provide for the "connection of the property to the gas network", not represent the value of such works.

Appendix B 1.1. 3. "independent advice and funding sources"

If this is to be a referral to another organisation, that service must be identified. In addition, the GDN / fuel poor Partner Organisation must be confident that the service follows "fairness" principles and that a feedback reporting mechanism is in place to reflect on actions because of the referral.