

Consultation response: Ofgem Consumer Vulnerability Strategy 2025

Question 1: Do you agree with the five priority themes and the outcomes we will aim for?

The All-Party Parliamentary Carbon Monoxide Group (APPCOG) supports the Consumer Vulnerability Strategy 2025's (CVS 2025's) five priority themes and supporting outcomes. However, the AGGCOG recommends further refinement in two priority themes:

1. In relation to Priority 1, the APPCOG has specific suggestions around improving the identification of vulnerable people; and
2. In relation to Priority 4, the APPCOG recommends that the focus on encouraging positive and inclusive innovation should include linking separate fuel poverty schemes together in order to deliver whole-home solutions to vulnerable people.

Priority 1 – The APPCOG has previously raised concerns surrounding the inadequate targeting of vulnerable people, as research shows '90% of those eligible to be on a Priority Services Register are not.'¹ It is therefore encouraging to see Ofgem recognise that 'using PSR data alone does not provide the full picture' on who is vulnerable.² To build a fuller picture of vulnerable people and enable swifter support, our roundtable on carbon monoxide's (CO's) link to vulnerability **recommended that the:**

'Government should audit what types of data is held on those in fuel poverty or vulnerable circumstances by various organisations (i.e. councils, housing associations, local authorities, energy suppliers, energy networks, other third party organisations), with a view to streamlining referral pathways and building a more comprehensive map of where the most vulnerable people live to target support.'³

Attendees of our roundtable repeatedly highlighted how the lack of a Priority Services Register (PSR) managed by Gas Distribution Networks (GDNs) restricts their ability to identify recipients for support schemes such as the Fuel Poor Network Extension Scheme (FPNES).⁴ **We therefore recommend** Ofgem introduce a requirement for the GDNs to maintain a PSR as part of the principles-based licence obligation currently proposed for RIIO-GD2.

Our roundtable saw many industry representatives and experts raise concerns about the lack of data sharing between utilities, with many citing the General Data Protection Regulation (GDPR) as a significant barrier to improving targeting of vulnerable people.⁵ **We therefore recommend** Ofgem actively encourage more data-sharing pilots (such as United Utilities and Electricity North West's) and engage the Information Commissioner's Office (ICO) to identify new opportunities to share data between utilities without breaching privacy laws.

The APPCOG welcomes Ofgem's acknowledgement of the many barriers that prevent vulnerable customers from self-identifying, particularly in the case of mental health which CO exposure can negatively affect.⁶ We also support Ofgem highlighting examples of utilities working with frontline organisations, as our roundtable highlighted the effectiveness of partnerships in overcoming these

¹ Policy Connect. (2019). *Briefing following a parliamentary roundtable on Vulnerability, Fuel Poverty and Carbon Monoxide*. [Online]. News. Available at: https://www.policyconnect.org.uk/appcog/sites/site_appcog/files/news/735/fieldnewsdownloads/vfpcroundtablewriteupfinal.pdf [Accessed 20 June 2019]., p. 3.

² Ofgem. (2019). *Consultation: Draft Consumer Vulnerability Strategy 2025*. [Online]. Available at: https://www.ofgem.gov.uk/system/files/docs/2019/06/draft_consumer_vulnerability_strategy_2025_0.pdf [Accessed 21 June 2019]. p. 18.

³ Policy Connect. (2019). *Briefing following a parliamentary roundtable on Vulnerability, Fuel Poverty and Carbon Monoxide*., p. 3.

⁴ *Ibid.*, p. 3.

⁵ *Ibid.*, p. 3.

⁶ Policy Connect. (2017). *Carbon monoxide poisoning: Saving lives, advancing treatment*. [Online]. Available at: <https://www.policyconnect.org.uk/appcog/research/carbon-monoxide-poisoning-saving-lives-advancing-treatment> [Accessed 21 June 2019]., pp. 34-37.

barriers and increasing the uptake of schemes such as the Energy Company Obligation (ECO).⁷ Given this success, **we recommend** ‘Ofgem should explore ways to encourage partnership work between GDNs, energy suppliers and third party organisations’.⁸

Priority 4 – Research from National Energy Action has shown a clear correlation between being in fuel poverty and an increased risk of CO exposure,⁹ with off-gas grid homes 1.5 times more likely to be fuel poor.¹⁰ We therefore welcome the continuation of the FPNES as an alleviant for fuel poverty, though obstacles limiting its effectiveness remain unaddressed by CVS 2025.

Attendees of our CO and vulnerability roundtable reported that removing the deprivation index from the FPNES’ eligibility criteria reduced the GDN’s ability to target fuel-poor households and made the scheme less cost-effective to deliver.¹¹ Attendees also informed us that many recipients of a free connection are unable to maximise its utility because they cannot afford or access upgraded central heating.¹²

To address these shortcomings, **we recommend** Ofgem work with the Department for Business, Energy and Industrial Strategy (BEIS) to establish formal links between the ECO and FPNES to ensure the gas industry delivers whole-home solutions to fuel poverty. **We also recommend** a thorough audit of data sources that cover vulnerable people to improve the targeting of fuel-poverty schemes, as detailed on the previous page in relation to Priority 1.

Question 2: Do you agree with our approach on affordability? While we recognise this is a concern for many consumers in vulnerable situations, we think addressing wider affordability pressures is mainly a matter for government to address.

The APPCOG recognises Ofgem’s potentially challenging position within the affordability policy landscape, which is an area of significant interest to the APPCOG because fuel-poor customers face an increased risk of CO exposure.¹³ We therefore welcome Ofgem’s input into BEIS’ Fuel Poverty Strategy for England, which must recognise fuel poverty as a risk factor for CO exposure.

Ofgem is right to acknowledge that vulnerable customers are disproportionately more likely to use default tariffs and in turn disproportionately benefit from that tariff’s price cap. In order to provide these customers with security and safeguard them beyond 2023, **we recommend** the price’s cap future continuation or replacement be confirmed as soon as possible.

We agree with the Energy UK Commission for Customers in Vulnerable Circumstances that ‘suppliers and Ofgem should re-examine the case for the introduction of a social tariff’, though we recognise this decision would rest with the Government and not Ofgem.¹⁴ We **therefore recommend** Ofgem raise the prospects of social tariffs with BEIS when it feeds into the Fuel Poverty Strategy for England, with a view to consulting stakeholders on this topic in the near future.

⁷ Policy Connect. (2019). *Briefing following a parliamentary roundtable on Vulnerability, Fuel Poverty and Carbon Monoxide.*, p. 4.

⁸ Ibid., p. 4.

⁹ National Energy Action (2017). *Understanding carbon monoxide risk in households vulnerable to fuel poverty.* [Online]. Available at: http://www.nea.org.uk/wp-content/uploads/2018/01/NEAGST-Report-2017_FINAL-1.pdf [Accessed 21 June 2019]., p. 6.

¹⁰ Department for Business, Energy and Industrial Strategy. (2018). *Annual Fuel Poverty Statistics, 2018.* [Online]. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/719106/Fuel_Poverty_Statistics_Report_2018.pdf [Accessed 25 June 2018]., p. 6.

¹¹ Policy Connect. (2019). *Briefing following a parliamentary roundtable on Vulnerability, Fuel Poverty and Carbon Monoxide.*, p. 3.

¹² Ibid., p. 2.

¹³ Ibid., p. 2.

¹⁴ The Commission for Customers in Vulnerable Circumstances. (2019). *Final Report, 2019.* [Online]. Available at: https://www.energy-uk.org.uk/publication.html?task=file_download&id=7140 [Accessed 26 June 2019]., p. 65.

Lastly, we reiterate our concern that some FPNES recipients cannot access upgraded central heating and **our recommendation** that Ofgem work with BEIS to formally link the ECO and FPNES in order to deliver a whole-home approach to fuel poverty.¹⁵

Question 3: What more could be done through energy regulation to assist consumers in vulnerable situations in the longer term? How should any such further measures be funded?

Please refer to the APPCOG's earlier responses which outline our recommendations for how energy regulation can address specific obstacles and opportunities found in CVS 2025.

Question 4: Do you agree with our proposals for the first year of the strategy?

Overall, the APPCOG agrees with Ofgem's proposals for CVS 2025's first year and we will be happy to support the strategy to ensure it directly promotes and supports CO safety.

We agree with Ofgem's proposal for an updated analytical framework to evaluate the impact of Ofgem's policies on vulnerable groups. It is essential that the framework acknowledges groups who are more vulnerable to the effects of CO exposure, including: the elderly; pregnant people and foetuses; children; and people with respiratory or cardiovascular conditions.¹⁶ The APPCOG is well placed within the CO and fuel poverty communities to support this framework's creation through Parliamentary roundtables and workshops, as we have provided similar guidance to the Government's Working Group reviewing CO alarm regulations.¹⁷

The APPCOG would also be happy to input into Ofgem consultations on the retail energy market's future, and as set out in relation to Question 2 **we recommend** Ofgem provide consumers with certainty over what will replace the default tariff price cap after 2023.

We are glad to see Ofgem recognises the scale of self-disconnection amongst pre-payment meter users and plans to strengthen protections for these customers. As part of its upcoming review, **we recommend** Ofgem investigates the extent to which customers who self-disconnect use un-serviced appliances, live in energy inefficient homes or rely on secondary heating systems such as gas hobs, as these factors can increase the risk CO exposure.¹⁸

Finally, we strongly support the proposal in Priority 3 to include a vulnerability principle in RIIO-GD2's licence and we hope this will catalyse the development of a corporate culture that proactively identifies and supports vulnerable people.

¹⁵ Policy Connect. (2019). *Briefing following a parliamentary roundtable on Vulnerability, Fuel Poverty and Carbon Monoxide.*, p. 2.

¹⁶ Policy Connect. (2017). *Carbon monoxide poisoning: Saving lives, advancing treatment.*, p. 15.

¹⁷ Gov.uk. (2018). *Carbon monoxide alarm requirements review: terms of reference.* [Online]. Available at: <https://www.gov.uk/government/publications/carbon-monoxide-alarm-requirements-review-terms-of-reference/carbon-monoxide-alarm-requirements-review-terms-of-reference> [Accessed 27 June 2019].

¹⁸ Policy Connect. (2019). *Briefing following a parliamentary roundtable on Vulnerability, Fuel Poverty and Carbon Monoxide.*, p. 2.