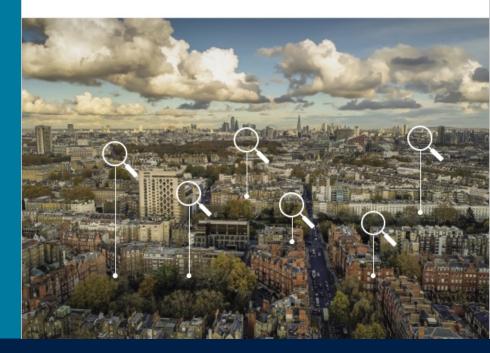
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#### Cut the cost, not reallocate FPRN 29 November 2023

Brenda Boardman, Emeritus Fellow, ECI University of Oxford Finding the fuel poor and framing better policy August 2023



### **Decision points today**

- How much and how? Lump sum / energy bill, reflecting use
- Who gets? Income / energy consumption / social characteristics
- Who pays? Treasury / suppliers / other customers



#### **Basic problem**

Unit cost of electricity and gas too high

Excessive energy company profits

Reduce the flow of money from us to them

Quickly, this winter



### How: into energy accounts

Government supporting 8m households with Cost of Living via MTB
 Into bank account for food, rent, school uniforms, getting to work
 Virtually none used for energy in the home

To reduce fuel poverty help through energy accounts
 Directly and automatically



## How: cash or unit rate?

- Energy supplier cannot give cash/lump sum to a legacy prepayment meter (half of all ppm)
- ○So fuel vouchers last winter for £400 EBSS payment
- Supplier can remotely alter the unit rate, all tariffs, including legacy ppm
- Easy for supplier to do in 5 weeks, with every new cap

oOur recommendation



### How much?

○EBSS put £400 onto electricity bills
 ○Halved self-disconnection with smart ppm users
 ○£400 is not sufficient, so £500 for electricity
 ○Matched by £500 for gas ≈ £1000 in total

Lowest cap in October 2020 was £1042
From 5 Jan, cap will be £2023, approx. £1000 higher (@ same TDCV)
Unit rates from October 2020 would halve energy bills



# Who is eligible?

Work from what the supplier knows:

- All on a prepayment meter 4.5m
- WHD recipients getting £150 3.0m
- Where electricity is the main metered fuel, but using < 4200kWh (Ofgem Ec 7 rate) 1.0m 1.0m

○ On PSR with medical condition

Some double counting so about 8m households



## Our proposal – for all fuel poor

Supplier puts the fuel poor onto October 2020 cap prices:

- $\odot$  3.5p/kWh for gas
- $\circ$  12.5p/kWh for electricity

Halves the amount they should be paying: £1042 not £2023

Helps with fuel costs, directly through energy account

Aim for 8m households  $x \pm 1000 = \pm 8bn$ 

Govt pay for: £8bn+ in the accounts for EPG and not needed, this FY



### In future

Fund through Green Power Pool

- o electricity from renewables cheaper than electricity from fossil fuels
- sub-divide energy market: GPP (cheap, clean); ff (dirty, expensive)
- fuel poor sold GPP they have cheaper electricity
- Fuel poor homes insulated and given heat pumps
- Then, each fuel poor household only using cheap electricity
- Fuel poverty under control

Paid for by renewable electricity suppliers  $\approx$  at cost / CFD



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## Thank you

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