Fuel Poverty and Energy Efficiency
- a guide for constituents

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**Senedd Research**  
**National Assembly for Wales**  
**Tŷ Hywel**  
**Cardiff Bay**  
**CF99 1NA**

Tel: **0300 200 6295**  
Email: [Jonathan.Baxter@Assembly.Wales](mailto:Jonathan.Baxter@Assembly.Wales)  
Twitter: [@SeneddResearch](https://twitter.com/SeneddResearch)  
Blog: [SeneddResearch.blog](https://SeneddResearch.blog)  
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**Fuel Poverty and Energy Efficiency**
- a guide for constituents

January 2020

**Authors:**
Jonathan Baxter

**Paper Overview:**
This guide outlines the main sources of funding and advice available to constituents who are struggling to pay their energy bills or who want to improve the energy efficiency of their homes.
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Introduction

This guide outlines the main sources of funding and advice available to constituents who are struggling to pay their energy bills or who want to improve the energy efficiency of their homes.

Homes which are energy inefficient often have higher fuel costs because they are harder to heat. This increases the likelihood of the householder being in fuel poverty.

In Wales, a household is defined as being in fuel poverty if they would have to spend more than 10% of their income on maintaining a satisfactory heating regime.
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Energy bills

Switching energy tariff

One of the simplest ways to save money on energy bills is to switch tariff, either to another tariff offered by the same energy supplier or to a tariff from a different supplier.

Ofgem has accredited a number of price comparison websites so consumers can trust the options and prices they find on them, knowing they are calculated and displayed in a fair and accurate way. Options for switching will depend on the type of meter a constituent has, and there may be penalties (exit fees) for leaving their current energy contract early. Also, not all suppliers offer the Warm Home Discount (discussed below).

Comparing energy tariffs is difficult without internet access, so constituents who don’t have access to the internet at home may want to use a computer in a local library or ask a friend or relative with internet access for help.

If a constituent is in debt to their current energy supplier, it may still be possible to switch to a new supplier but there are special rules that apply. These rules are outlined on the Ofgem website.

Energy price caps

Ofgem and the UK Government have taken steps to help consumers by capping some energy prices. This affects energy consumers using prepayment meters and consumers on standard variable or default tariffs (a default tariff is one that the consumer hasn’t chosen – this could be a standard variable tariff). Consumers who receive the Warm Home Discount who are on a standard variable tariff, or a default tariff, will be protected by the default tariff price cap.

Price caps are automatic, so there is no need to apply for one.

These restrictions do not cap the total cost of a bill, because that depends on what a consumer spends - it’s the price of each unit of energy that is capped. The cap is updated every six months. Nothing stops energy suppliers charging less than the price cap so it may still be cheaper to switch supplier or to a better value tariff

Ofgem is the Office of Gas and Electricity Markets. It protects the interests of electricity and gas consumers in a number of ways. This includes ensuring value for money and the regulation and delivery of UK government schemes.
with the same supplier. There is further information for constituents on the Ofgem website.

Ofgem is also developing a database of customers who have been on a standard variable tariff, or a default tariff, for three years or more so that it will be easier for them to switch supplier. This *disengaged customer database* will be used to provide services that will help customers switch energy deals. There is further information on the Ofgem website.

**Smart meters**

Smart meters do not directly reduce energy bills, but they do give consumers real time information on energy usage so they are better able to manage their energy use – which can help save money. Smart meters also automatically send meter readings to suppliers, so there should be no need for estimated bills.

Smart meters are being rolled out across Great Britain, and many households have already had one installed. Some first generation smart meters that have been installed will not function as “smart” meters if a consumer switches to another supplier so it will be necessary to start taking meter readings again and providing them to the energy supplier. However, it is anticipated that those first generation smart meters will be remotely upgraded to ensure consumers can switch between suppliers without any loss of functionality. This process will start in 2019. Second generation smart meters do not have this issue and will function correctly with different suppliers.

Constituents may be contacted and offered a smart meter by their energy supplier, or they can request that one is installed. There is no charge for having one installed. It is not compulsory to have a smart meter and Ofgem has published *Smart meters: a guide to your rights* which provides further information.

General information about smart meters is available on the Smart Energy GB website.

**Off-grid energy**

Many properties in Wales don’t have a mains gas connection and will use other fuels, like Liquified Petroleum Gas (LPG) or oil for heating. Ofgem does not regulate these markets and households will typically face higher fuel bills because of higher prices.
Liquid Gas UK (LGUK) is the trade association for the LPG and bioLPG industry in the UK. The LGUK website provides information about switching supplier and also a supplier search.

There are a number of comparison websites that compare heating oil prices, as well as brokers who buy the oil themselves and then sell it to consumers. It may be possible to bulk buy heating oil with neighbours and be offered a better price. The consumer website Moneysavingexpert.com has some general advice on getting a good heating oil deal.

Constituents may also wish to explore whether any help is available towards the cost of providing a mains gas connection, or installing renewable technology. Sources of advice are listed at the end of this guide.
Help to pay energy bills

There are a number of UK Government schemes that can provide extra help with energy bills.

Winter Fuel Payments

People born on or before 5 April 1954 may be able to receive a Winter Fuel Payment of between £100 and £300. This payment is not means tested and is usually made automatically to eligible people if they get a state pension or another social security benefit. Further information is available from www.gov.uk/winter-fuel-payment or by calling 0800 731 0160.

If a constituent is not paid automatically, they will need to make a claim. The deadline for claiming payments for winter 2019 to 2020 is 31 March 2020.

Warm Home Discount

This is a one-off annual fuel discount of £140 off an electricity bill – the money isn’t paid directly to the consumer.

If energy is paid for through a pre-pay or pay-as-you-go electricity meter households can arrange an alternative method of payment with their energy supplier, such as a voucher to top-up the meter.

There are two ways to qualify for the scheme:

- Being in receipt of the Guaranteed Credit element of the Pension Credit. Eligible consumers should have received a letter telling them how to apply. Contact the Warm Home Discount Team for further information on 0800 731 0214; or
- Being on a low income and meeting the individual energy supplier’s criteria for the scheme. Contact the energy supplier for further information and to apply. A list of all energy suppliers that are part of the scheme is available on the Gov.uk website.

More information is available from www.gov.uk/the-warm-home-discount-scheme.
Warm Home Discount – Park Homes

Park home residents who are billed for their electricity through their park site owner can apply for a £140 rebate towards their fuel bill. Eligibility criteria apply. Further information is available from the [Park Homes - Warm Home Discount website](#).

Cold Weather Payments

A **cold weather payment of £25** should be paid automatically to eligible claimants for **every 7 consecutive days of very cold weather** (an average of zero degrees celsius or less) in their area over the winter period (1 November to 31 March).

Constituents in receipt of the following benefits may receive a Cold Weather Payment:

- Pension Credit;
- Income Support;
- Income-based Jobseekers Allowance;
- Income-related ESA;
- Universal Credit; or
- Support for Mortgage Interest.

Constituents receiving Pension Credit and Support for Mortgage Interest will usually get Cold Weather Payments, but for other benefits there are additional eligibility criteria that must be met.

More information is available from [www.gov.uk/cold-weather-payment](http://www.gov.uk/cold-weather-payment).

The Winter Fuel Payment, the Warm Home Discount and the Cold Weather Payment can be claimed alongside each other.
Energy debt

If a constituent cannot pay their energy bill and falls into debt their energy supplier should give them an opportunity pay the debt through a payment plan before disconnection. Ofgem guidance outlines the key considerations it wants suppliers to take into account when assessing a customer’s ability to pay. Ofgem has a Consumer Vulnerability Strategy which was updated in October 2019.

Disconnection is very rare, and only used as a last resort. Ofgem notes in its Consumer Vulnerability Strategy that there were only 6 disconnections for debt in 2018. Suppliers are prohibited from disconnecting customers eligible for the Priority Services Register (PSR) during the winter months (1 October to 31 March). Some suppliers have made a voluntary agreement not to disconnect vulnerable householders at any time of the year. This is known as the Energy UK Safety Net.

Sources of independent advice on energy debt are listed at the end of this factsheet.

Running out of credit on pre-payment meters

Ofgem has recognised that consumers who run out of credit on a pre-payment meter, what it terms “self-disconnecting”, need better support. It wants to strengthen protections to protect consumers in vulnerable situations from self-disconnecting their pre-payment meters. Ofgem also acknowledges that some consumers may limit their energy use to make their credit last longer because of affordability and other issues.

Constituents facing difficulties related to pre-payment meters may wish to seek independent advice from one of the organisations listed at the end of this factsheet.

Third party deductions/Fuel Direct

Constituents may be able to have some of their energy/fuel bills paid directly out of their benefit payments if they are having financial difficulties. To be eligible for this service the constituent must be receiving one of the following benefits:

- Universal Credit;
- Income-based Jobseekers Allowance;
- Income-related Employment and Support Allowance;
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- Income Support;
- Pension Credit.

To apply, constituents should contact Jobcentre Plus (or their pension centre if they are on Pension Credit).

Further information is available from www.gov.uk/bills-benefits.

Energy Supplier Trust Funds

Some energy suppliers have Trust Funds that can offer grants to householders experiencing financial hardship to help pay off energy debts. Most funds are only open to the company’s own customers.

Details of trust funds are available on the Citizens Advice website.

Charis Grants and Citizens Advice can provide assistance in completing application forms for these grants.
Improving energy efficiency

Energy Performance Certificates

Most buildings need an Energy Performance Certificate (EPC) when they are built, sold or rented, but there are some exceptions. The EPC will detail the energy performance of the property and what steps can be taken to improve it. This will let a prospective owner or tenant know how expensive it will be to heat their new home. An EPC will contain:

- Information about a property’s energy use and typical energy costs; and
- Recommendations about how to reduce energy use and save money.

An EPC gives a property an energy efficiency rating from A (most efficient) to G (least efficient) and is valid for 10 years.

Further information about EPCs, including details of buildings that do not need one, is available on the UK Government’s website.

Welsh Government Warm Homes Programme

The Welsh Government’s Warm Homes Programme provides funding for energy efficiency improvements to low income households and those living in deprived communities across Wales. The programme includes Arbed and Nest.

Cold calling

Many constituents contact Assembly Members regarding cold calling from companies claiming to be able to access grant funding, or who claim to be representing the Welsh Government. The Welsh Government’s Warm Homes Schemes (Nest and Arbed) do not cold call householders. They do not require any payment from householders and they do not offer loan deals. A constituent with any concerns could contact either the Nest or Arbed schemes or their local trading standards office for further advice.

Nest

The Welsh Government is working with British Gas and the Energy Saving Trust to target fuel poor households in Wales through its Nest scheme.

Nest offers a range of free and impartial advice to anyone in Wales on:
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- Saving energy and water;
- Money management;
- Making sure you’re on the best energy and water tariff;
- Whether you are entitled to any benefits to boost your income.

In addition the most energy inefficient homes may be eligible for **free home energy efficiency** improvements. These improvements can include boilers, central heating systems and insulation.

In order to be eligible for these improvements a number of requirements must be met:

- The property must be owned or privately rented;
- The property must be energy inefficient and expensive to heat; and
- At least one person living in the property must be receiving certain means tested benefits or meets certain health based eligibility criteria.

More information is available by visiting [www.nestwales.org.uk](http://www.nestwales.org.uk), or calling the Nest freephone number: **0808 808 2244**.

**Arbed**

The latest phase of the Welsh Government’s **Warm Homes - Arbed** programme, Arbed 3, runs from 2018-2021. The programme is delivered by Arbed am Byth (a joint venture between Everwarm and the Energy Saving Trust). Arbed 3 is only available in certain areas and eligible households will be contacted by the scheme manager. The aim of the scheme is to reduce fuel poverty and give householders advice on how to reduce energy usage and utility bills. Arbed 3 will work in specific geographical areas, and will work with local authorities to identify areas of fuel poverty where the greatest impact can be made. The scheme manager will carry out an assessment on each property and design packages that could consist of one or more measures, such as:

- Cavity wall insulation;
- External wall insulation;
- Loft insulation; and
- Draught proofing.

Further information is available by visiting [www.arbedambyth.wales](http://www.arbedambyth.wales) or by calling 03300 414 647.
Health through Warmth

Npower’s Health Through Warmth offers help to people in England and Wales who have long-term illnesses and are finding it hard to fully fund heating systems, repairs and insulation in their homes. It is not necessary to be an Npower customer. Further information is available by visiting www.healththroughwarmth.com or by calling 0800 912 7000.

Energy Company Obligation

The Energy Company Obligation (ECO) is a UK government scheme to help reduce carbon emissions and tackle fuel poverty. It is also called Affordable Warmth Obligation. Under ECO the larger and medium sized energy companies fund the installation of energy efficiency measures like loft insulation, wall insulation and heating measures. The ECO scheme commenced in April 2013, but has been amended over time to vary the detail of the scheme. The current scheme, ECO3, commenced on 3 December 2018. ECO3 is entirely focused on supporting low income, vulnerable and fuel poor households.

Each obligated supplier has an overall target based on its share of the domestic energy market in Britain. ECO3 support does not go directly to a household in the form of a payment. It is funded via obligated energy suppliers who liaise with occupiers, landlords and installers in order to identify and implement suitable energy efficiency measures.

Further information about the ECO3 scheme is available on the Ofgem website and also the UK Government website.

Constituents can contact obligated suppliers directly to access ECO3 funding – it does not need to be the company that supplies them with energy, although some companies may only offer help to their own customers. Contact details for all the obligated energy suppliers are on the Ofgem website.

Warm Wales

Warm Wales may be able to help people with a low income and high heating bills. This could fund a new gas supply, boiler or help to improve home insulation. Further information is available by visiting www.warmwales.org.uk or by calling 01656 747623.
Help from local authorities

Many local authorities have schemes to help improve energy efficiency. These may be targeted at specific types of households (such as those living in fuel poverty) or geographic areas (like housing renewal areas). As well as grants, loans (such as Welsh Government funded *Home Improvement Loans*) may also be available to homeowners and landlords. The aim of Home Improvement Loans is to ensure that people have a high quality, warm, secure and energy efficient home.

Further advice can be obtained from the relevant local authority. Local authority contact details for the Home Improvement Loan scheme are available on the Welsh Government’s [website](#).

Local authorities can also set their own eligibility criteria for help through ECO3, and then refer households to obligated energy suppliers. This is known as flexible eligibility. Constituents should contact their local authority to confirm if their local authority is participating and to enquire about eligibility.
Properties in the private rented sector

Energy efficiency improvements made by tenants

Under Regulation 8 of the *Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015*, since 1 April 2016, most tenants in the private rented sector have been able to ask for their landlord’s consent to make reasonable energy efficiency improvements.

Such a request may not unreasonably be refused by the landlord. However, there are some specific circumstances in which a request for consent to relevant energy efficiency improvements may not be made under the Regulations. This includes situations where the tenant has given notice to the landlord that they intend to leave the property.

This right to make improvements is subject to the tenant securing suitable funding. Further information is available in guidance published by the UK Government.

The Domestic Private Rented Property Minimum Standard

Under Regulation 23 of the *Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015*, private sector landlords are prevented from letting sub-standard property unless an exemption applies.

The regulations apply to domestic private rented property let under certain types of tenancy as defined in the *Energy Act 2011*, section 42. This includes assured, assured shorthold tenancies under the Housing Act 1988 and regulated tenancies under the *Rent Act 1977*. A property is sub-standard if the EPC score is below the minimum level of energy efficiency. This minimum efficiency standard has been set at an ‘E’ EPC rating. The regulations took effect from 1 April 2018, and apply when a new tenancy is granted. From 1 April 2020, the regulations will apply to all domestic private rented property. However, there are a number of exemptions and exclusions that apply in certain circumstances. This includes:

- Circumstances where there are no relevant energy efficiency improvements that can be made to the property;
- The prohibition on letting property below an ‘E’ EPC rating does not apply if the cost of making even the least expensive recommended improvement would exceed the £3,500 cost cap (including VAT) or where the landlord has spent up to £3,500 (including VAT) on energy efficiency improvements but the property
has still not achieved an ‘E’ EPC rating;

- The Regulations recognise that certain wall insulation systems cannot, or should not, be installed in certain cases even where they have been recommended;
- Where the landlord cannot obtain necessary consent for the improvements (such as from a tenant or freeholder);
- Where the property would be devalued by the energy efficiency improvements; and
- There is a temporary exemption of 6 months for new landlords.

If an exemption does apply, then the landlord will need to register this with the National PRS Exemptions Register. Exemptions last for five years, but can be renewed.

The UK Government has issued guidance on The Domestic Private Rented Property Minimum Standard.
Additional help for vulnerable households

Although it will not reduce energy bills, some constituents may be able to access additional services from their energy supplier if they are eligible for the Priority Services Register (PSR). The PSR is a free service provided by energy suppliers and network operators to customers in need.

PSR customers may be able for a range of free services including:

- Advance notice of planned power cuts;
- Arrangements to ensure that it’s safe and practical for you to use your prepayment meter, and
- Help to read meters.

There are a number of eligibility criteria for signing up to the PSR, and these cover people who:

- are of pensionable age;
- are disabled or chronically sick;
- have a long-term medical condition;
- have a hearing or visual impairment or additional communication needs; or
- are in a vulnerable situation (this can include a wide range of situations).

Each energy supplier and network operator maintains its own register. Households with children under the age of 5 may also be able to receive priority services. Further information on the PSR is available on the Ofgem website.
Sources of advice and information

Advice for older people

- Age Cymru: Age Cymru offers a free, impartial and confidential advice service by calling 08000 223 444 or emailing advice@agecymru.org.uk;
- Care and Repair: Care and Repair helps older people live in safety and comfort in their own homes. Details of local agencies are available from www.careandrepair.org.uk/en/your-area/ or by calling 0300 111 3333;
- Older Peoples Commissioner for Wales: The Commissioner’s Protection & Scrutiny Casework Team may be able to assist or signpost to a partner organisation. Telephone: 03442 640 670 or email: ask@olderpeoplewales.com.

Money and debt advice

- The Money Advice Service can provide free and impartial money advice on 0800 138 0555 (Welsh) or 0800 138 7777 (English). It also has information on its website www.moneyadviceservice.org.uk/en.
- MoneySavingExpert.com is a consumer focused website that provides information on a range of issues, including utility bills and how to switch energy tariffs;
- The National Debt line can provide advice on managing fuel debt with other personal debts and with energy suppliers. More information is available through its website www.nationaldebtline.org or by calling 0808 808 4000;
- Stepchange Debt Charity can provide free debt advice, along with assisting in creating a sustainable budget and giving advice on the best debt solution in the particular circumstances. Further information can be found on their website www.stepchange.org or by calling 0800 138 1111.

Energy efficiency

- Arbed Am Byth: For information about the Arbed 3 programme visit www.arbedambyth.wales, call 03300 414 647 or email info@arbedambyth.wales. Arbed 3 is only available in certain geographic areas;
- Nest: Information about assistance is available to everyone in Wales by visiting www.nestwales.org.uk or calling 0808 808 2244. Some households will be eligible for grants;
Warm Wales: Warm Wales may be able to help people with a low income and high heating bills. This could fund a new gas supply, boiler or help to improve home insulation. Further information is available by visiting [www.warmwales.org.uk](http://www.warmwales.org.uk) or by calling 01656 747623.

**Energy supplier ECO contacts**

- British Gas: 0800 072 8629 (option 1 - Energy Efficiency team);
- E.ON: [www.eonenergy.com](http://www.eonenergy.com);
- Npower: 0800 072 1740 (Energy Improvement & Green Deal helpline);
- EDF Energy: 0333 200 5119 (Green Hub - ECO Team);
- SSE (Swalec): 0345 078 3248;
- Scottish Power: ecoenquiries@scottishpower.com;
- First Utility: eco@first-utility.com;
- Co-operative energy: eco@cooperativeenergy.coop;
- Utilita: ECO@Utilita.co.uk;
- OVO: ECO@ovoenergy.com;
- Utility Warehouse: 0800 781 7777;
- Bulb Energy: help@bulb.co.uk / 0300 303 0635;
- Green Star: eco@mygreenstarenergy.com / 0800 012 4510.

**General advice and information**

- Citizens Advice: visit [www.citizensadvice.org.uk/wales](http://www.citizensadvice.org.uk/wales) or for advice on a wide range of issues including debt and benefits or call 0344 477 2020;
- Turn2us: Turn2us helps people in financial need gain access to welfare benefits, charitable grants and other financial help – online, by phone and face to face through partner organisations. Visit [www.turn2us.org.uk](http://www.turn2us.org.uk) for further information.