

Delivering affordable energy in the UK – themes and approaches

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eaga

What is the issue?



- Termed as ‘fuel poverty’ – where a household has to spend more than 10% of its income on energy costs in order to maintain an adequate standard of warmth in the home
- Caused by a combination of poor quality housing, low incomes and high energy prices
- Relates to wider environmental and health-related policy issues

What is the strategy?



- UK Government published the UK Fuel Poverty Strategy in 2001, the first of its kind in the world
- Set out clear aims to eradicate fuel poverty altogether, as far as reasonably practicable, by 2016
- Commitments restated in two Energy White Papers, in 2003 and 2007 – commitment to clean, secure affordable energy for all

Underlying principles



- Central approach was that energy efficiency represented the most sustainable policy route
- Rollout of welfare benefit checks to boost income
- Partnership working across Government Departments, utility companies, charitable and voluntary groups to find those most in need

Policy instruments in 2001



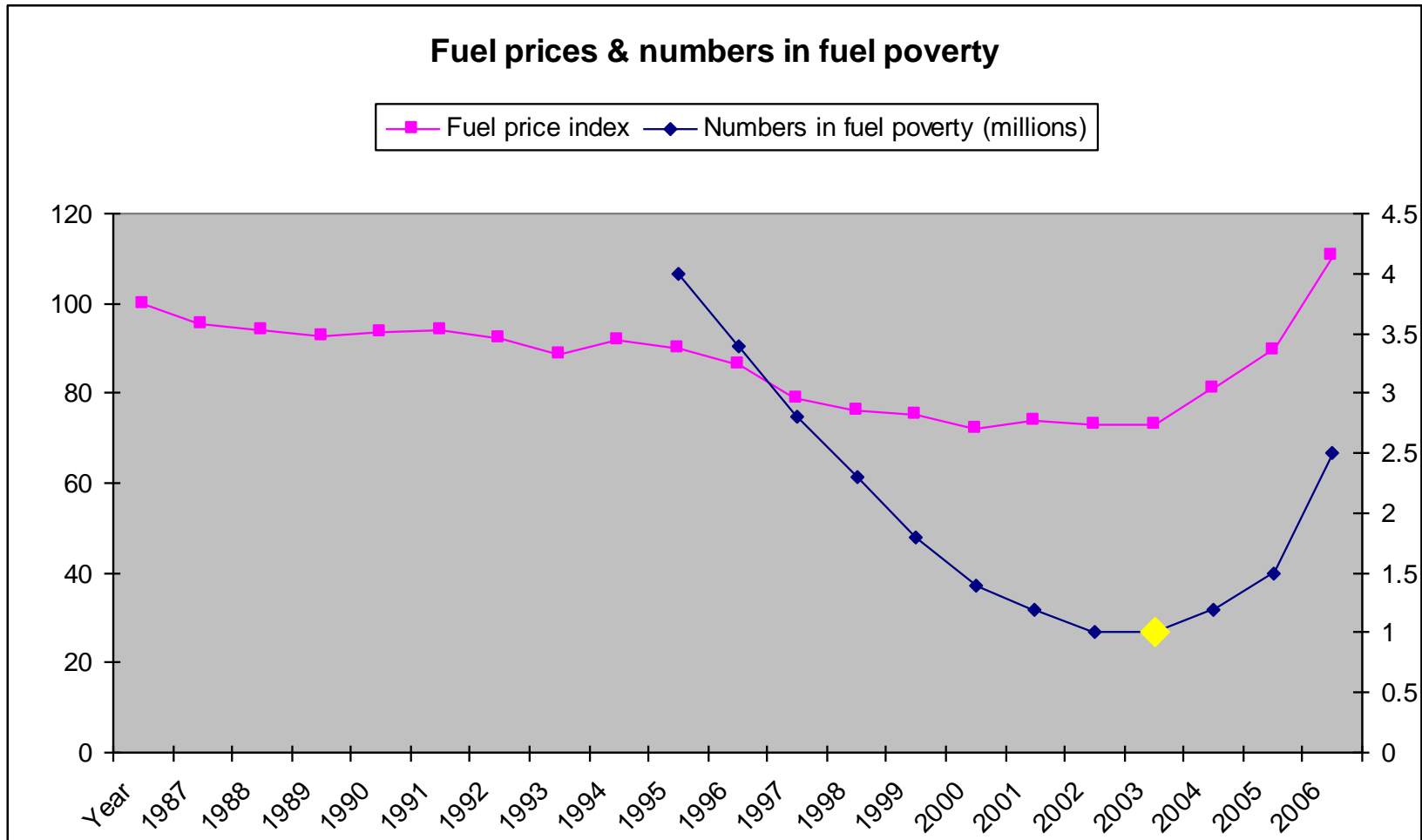
- Warm Front Scheme – a Government funded energy efficiency programme installing heating and insulation measures
- Energy Efficiency Commitment – obligation on utility companies
- Sat alongside a range of policies to raise incomes; also continued liberalisation of energy market expected to drive down prices

What progress?



- In 1996 there were four million households in fuel poverty in England alone; by 2003 this had been reduced to 1.2 million
- Energy prices low, oil prices low and impact of liberalised energy market positive
- Incomes had also increased – up to £1,500 per year in additional income

What progress? (2)



Changing dynamics



- Energy prices increased by more than 90% in the UK between 2004-06; more rises in early 2008
- Number of homes in fuel poverty have at least trebled
- Economic environment means Central Government funding is on the decrease
- Demand for assistance remains high

Policy instruments in 2008



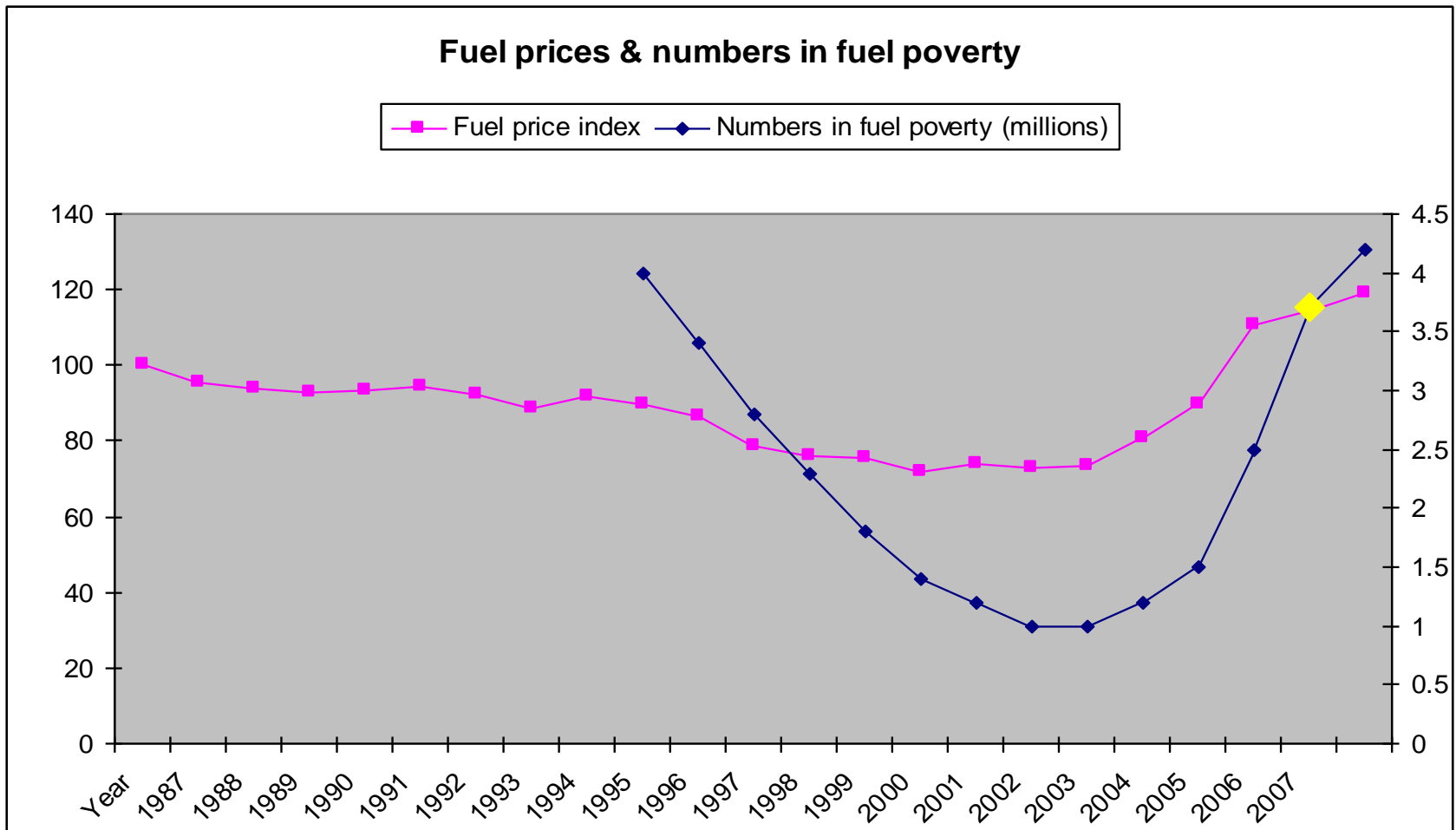
- Warm Front now bigger, more high profile and having more impact than ever
- EEC succeeded by CERT – still delivered by energy suppliers but now in excess of £1.5bn per year
- Still exploring renewable energy solutions...

Further progress



- Programmes are having a substantial impact – not only reducing fuel poverty but also preventing homes from ever becoming fuel poor
- Recognise utility company frustrations, but they have an important role to play
- Lots achieved, and positive environmental impact; contributed towards carbon saving objectives

Challenges



eaga's role



- Founded in 1990 to deliver the first Government-funded residential energy efficiency programme
- We started with a handful of employees in one room in one building – we now employ over 4,500 people
- Both white collar and blue collar jobs – administering, devising policy and also fitting solutions in homes; a green collar workforce

eaga's experience



- Unparalleled level of experience
- Understand the market, the customer base and the policy drivers; identify solutions and engage people in delivery
- Visit more than 1,000 UK homes every single day
- We have improved over five million homes across the UK, which is a quarter of the entire housing stock
- Last year programmes took equivalent of 25,185 cars off the road

Real challenges remain



- Oil prices upwards of \$130 per barrel, no likelihood of falling retail energy prices any time soon
- Fiscal circumstances difficult for central Government, but targets in place that have to be met
- Look to more innovative approaches as we move forward, including renewable energy solutions

Policy instruments post-2010



- Energy efficiency programmes still the best and most cost-effective win – and there is plenty still to do!
- Behavioural changes key – improved technology to help people engage with their energy use
- As environmental policy becomes more advanced and developments become more ambitious, need to tailor approach and segment messages

Summary



- A huge amount has been achieved, but there is a distance still to be travelled
- UK has distinctive elements within the problem (housing stock) but rising energy prices and the need to reduce consumption are global issues
- UK approach combines social and environmental policy drivers; engages Government / private sector partners
- We can still get there!

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