

# Scottish Rural Fuel Poverty Task Force

## 1. Short Description of issue

The number of people in fuel poverty and the fuel poverty gap have both increased. People living in rural areas are worse off as they: are off-gas grid; have higher space heating costs (due to a reliance on electric or oil heating); live in energy inefficient homes; have received significantly less energy efficiency investment; have been unable to benefit from a number of energy efficiency initiatives (e.g. gas boiler replacement); and are subject to higher policy costs (e.g. distribution network element of the household bill).

## 2. Analysis of the root cause of the issue

All energy customers are required to pay for government policy in their bills. The increased cost in bills due to this energy policy was to be offset through receipt of measures to make home more energy efficient. For decades the structure of energy efficiency policy (EEK, CESP, CERT and ECO) which was based on how much carbon could be saved for the least amount of money meant that virtually none of the investment was made in rural Scotland. People living in rural areas are 'efficiency poor' and are ill-equipped to cope with the projected increase in electricity bills of which policy is the major factor.

The disparity between people living on and off-gas grid has been masked due to the use by UK Government of the impact of policy measures on an 'average dual fuel bill'. The impact on customers reliant on electricity for space heating fell below the radar.

### Evidence

I have evidence but would prefer to meet to discuss this.

## 3. Possible Current solutions

UK and Scottish Government interventions should be structured to specifically **target** those people that are **vulnerable and living in the deepest fuel poverty**. This could be done using energy use and vulnerable customer data from the utility companies and housing efficiency data from local authorities. Energy efficiency **interventions need to be appropriate** for home concerned. For example, what is the point of incentivising and installing air source heat pumps in the Western Isles when homes have not even reached first based in terms of being made energy efficient (e.g. draught-proofing, loft insulation and window replacement).

## 4. Possible Future Solutions

Utility companies could be encouraged to set up proactive problem solving corporate foundations having as their mission eradicating fuel poverty. (e.g. Swiss Re corporate foundation focussed on risk resilience). These could be funded using the proceeds from 'lost' customer and shareholder accounts (the approach adopted in the set-up of 'Big Society Capital') and perhaps fines!

Strong links should be made to Ofgem's existing DNO innovation project programme (e.g. targeting those areas where grid re-enforcement is required and instead funding an area based energy efficiency programme to reduce the energy going through the bars.

There are many other suggestions – but these would not fit on a page ...

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### **Annexes**

**Additional relevant information to be provided**

**No more than 2 pages**