

Ms. Victoria Borthwick AM
Chair, Health and Public Services Committee
City Hall
The Queen's Walk
LONDON
SE1 2AA

Richard Westoby
Director of Energy Demand
SSE
55 Vastern Road
Reading
RG1 8BU

Tel: 0118 9534270
Email: Richard.westoby@sse.com

14 May 2012

Dear Ms Borthwick

Response to London Assembly Report 'In from the Cold' and tackling fuel poverty in London

Thank you for allowing us the opportunity to comment on the Health and Public Services Committee report's recommendations for tackling fuel poverty in London.

I understand that in developing this report members of the group had discussions with SSE staff and I hope this was helpful. I am also aware that we have previously supported the RE:NEW initiative and therefore have some understanding of the difficulties faced in the Capital. We do however recognise that more can be done to support vulnerable customers in London and we are keen to work with the project going forward to identify opportunities and to explore possible solutions to these challenges, while at the same time ensuring that activities are cost effective. Through our ongoing Carbon Emissions Reduction Target (CERT) and other fuel poverty commitments, we are aware of the difficulties in identifying vulnerable customers and as such are particularly interested to learn more about the prototype mapping tool which is being developed.

In principle SSE supports many of the Report's recommendations. This letter sets out our views in further detail.

Recommendation 1

As outlined above we would be keen to learn more about this mapping tool and would be happy to provide input or expertise to allow this to be tested and refined. We believe that any tool which can assist in identifying vulnerable customers or which allows measures to be targeted to areas in most need will be invaluable and we agree that the short timescale proposed for this is beneficial.

Recommendation 5

SSE has been pleased to support the RE:NEW initiative since its inception and in 2009 we set up "go early" pilot scheme to test the processes and procedures in readiness for the full launch of the scheme. We also provided £500,000 to one of our major partners who worked with 6 London boroughs keen to get started on RE:NEW type projects. Whilst the pilot was successful in delivering almost 1,000 measures at a cost of £250,000, we found that the administration costs and the processes associated with achieving this were onerous.

Longer term benefits were however achieved as a result of this pilot. For example, the development of a longer term scheme in Lewisham which is still ongoing, as well as smaller projects and long term relationships with Merton, Bexley and Greenwich.

In terms of the proposal that energy companies commit to funding the RE:NEW 2 programme in proportion to the number of customers they have in London, on an annual basis between 2013 and 2016, we do not believe that ring fencing of a budget based on customer numbers would be the most beneficial or effective approach overall. Our view is that the provision of funding for specific projects and their outputs would be a more productive and flexible way of working with London boroughs, more successfully helping to achieve their objectives. This would allow funding to be used to overcome some of the challenges faced. For example, to cover access costs, loft clearance, parking costs and also targeting costs, such as communication – all of which have been barriers to uptake in the past and have increased the costs of the delivering programmes in London.

We do, nevertheless, believe that London is well placed to be a major beneficiary of the ECO requirements for Affordable Warmth and Carbon Savings, due to the large proportion of solid wall properties and the number of customers in fuel poverty in the city. We therefore believe that rather than an allocation on a per customer basis, we should focus instead on working together to ensure better targeting of those likely to be eligible. This would be a more efficient way of ensuring that those most in need benefit.

Recommendation 7

We understand the confusion which can be caused by the differing criteria for the Broader Group of the Warm Home Discount scheme, both for customers and for agencies supporting customers on a day to day basis. Whilst we would be happy to be involved in discussions about a more consistent approach, there are a number of potential issues associated with this.

As you may be aware the WHD scheme regulations outlined groups of customers considered to be vulnerable and on low income. At SSE we have extended our eligibility criteria beyond this, to encompass customers on low income who are not necessarily in receipt of income related benefits.

One of the difficulties in harmonising criteria for this Group across suppliers may be in agreeing an appropriate set of criteria. For example, in developing our criteria, we have reflected upon our customer base in targeting groups for assistance, ensuring that we can support customers in need and can at the same time successful target and identify these groups. This may be further complicated by the fact that suppliers will all have varying commitments in terms of supporting customers who are still benefiting under their social tariffs (i.e. legacy arrangements). Having said this, we support the principle and will participate in discussions accordingly.

Recommendation 8

SSE would welcome the opportunity to work with the GLA in developing an affordable warmth strategy for London.

I hope our input is helpful. My colleagues will meet with that the GLA's fuel poverty team later this week to discuss the recommendations further and potential opportunities. However, in the meantime, if you have any questions about our response or I can provide any further information please do not hesitate to contact me.

Yours sincerely

Richard Westoby
Director of Energy Demand