



Victoria Borwick AM
Former Chair, Health and Public Services Committee
London Assembly
City Hall
The Queen's Walk
London SE1 2AA

21 May 2012

Dear Ms. Borwick,

Assembly report on tackling fuel poverty in London

Thank you for your letter dated 2 April enclosing a copy of the Health and Public Services Committee report on tackling fuel poverty in London, '*In from the cold?*'. ScottishPower welcomes the opportunity to respond to the report.

Our responses to each of the recommendations in the report are set out in the enclosed Annex.

Sustained economic growth is, of course, central to addressing poverty, including fuel poverty. Beyond that, we agree with the emphasis the report places on energy efficiency measures as a key long-term approach to reducing the risk of fuel poverty. In this context, we welcome the new approach to defining fuel poverty set out in the final report of the Hills Fuel Poverty Review, based on the combination of high heating costs and low income. This should help to encourage a focus on energy efficiency measures when considering future policy development.

We are committed to delivering energy efficiency measures to households, with a particular focus on low income and vulnerable communities, under the existing CESP and CERT schemes. We have also been engaging with the Government on the design of the new Energy Company Obligation (ECO), seeking to ensure that lessons are learnt from current delivery challenges under CESP and CERT. As the report notes, energy suppliers are currently facing severe uptake challenges for insulation measures under CESP and aspects of CERT. We believe that a major cause of these difficulties has been an excessive focus on a small number of delivery routes and tight eligibility rules. This experience shows that it is essential to build in sufficient flexibility to the new ECO to facilitate effective delivery.

We therefore welcome the recent indication from the Government that it is committed to introducing an area-based approach under the carbon saving obligation of ECO allowing for delivery of basic insulation measures (loft and cavity wall) to low income and vulnerable communities, rather than simply focussing on delivery of solid wall insulation which has particular uptake challenges. We have found that area-based initiatives working in partnership with local authorities and charities can be an effective

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way of reaching out to households in vulnerable communities. Local authority data and knowledge has been important to the success of these projects. Such an approach should facilitate further delivery to vulnerable communities in London and we welcome the opportunity for working closely with the GLA and local authorities on this challenge.

Should you have any questions or require further information please do not hesitate to contact our Director of Regulation, Rupert Steele, on 0141 614 2012.

Yours sincerely,

Neil Clitheroe
Chief Executive Officer, Retail & Generation