



BRIEFING PAPER

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Help with energy bills

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Summary

This Commons Library Briefing paper sets out sources of financial and practical help for constituents with domestic energy bills. It also outlines current policy developments.

There are now a range of measures aimed at helping consumers with their energy bills including

- Taxpayer-funded payments principally the *Winter Fuel Payment* and the *Cold Weather Payment*
- Obligations on energy suppliers that are funded by all energy bill payers, principally to help vulnerable customers and those on low incomes with energy efficiency measures (*Energy Company Obligation*) and discounts on electricity bills (*Warm Home Discount*).
- Energy saving and other energy advice services in England , Wales, Scotland and Northern Ireland
- Practical measures such as switching energy suppliers, joining the Priority Service Register and making use of communal energy buying schemes
- Sources of information and advice, for example, in the event of disputes with energy suppliers

At a practical level, the paper focuses on schemes that *individuals* can access, rather than those aimed at local authorities or housing associations.

There are related Library notes on [Energy Prices](#) and [Competition in energy markets in Great Britain](#) that maybe of interest.

1. Financial payments to help with energy bills and heating

1.1 Winter Fuel Payments

The Winter Fuel Payment is a tax-free annual payment to help older people meet the cost of their winter fuel bills. The “standard” rates are £200 per eligible household where the oldest person is under 80, and £300 for households containing a person aged 80 or over. For the winters 2008/2009 to 2010/2011, additional payments worth £50 (or £100 for households where the oldest person was 80 or over) were made alongside the standard Winter Fuel Payment. These additional payments have not been made since 2010/2011.

To be eligible for a Winter Fuel Payment, a person must have reached the relevant age threshold before the end of the “qualifying week” (for Winter 2015/2016, this was 21-27 September 2015). The qualifying age is linked to the State Pension age for women, which is increasing gradually. This means that, to have received a payment for Winter 2015/2016, a person must have been born on or before 5 January 1953. Further information on the rules, details of the payment arrangements for this winter and claim forms are available at the [GOV.UK website](#). Recent developments and debates about the future of the Winter Fuel Payment are covered in a Library briefing, [Winter Fuel Payments update](#).

For Winter 2015/2016, 12.3 million people received a Winter Fuel Payment. Total expenditure is forecast at £2.1 billion.

1.2 Cold Weather Payments

Cold Weather Payments are made from the Social Fund to certain recipients of Income Support, income-based Jobseeker’s Allowance, income-related Employment and Support Allowance, Universal Credit or Pension Credit during periods of very cold weather. To “trigger” the payments, the average temperature at a specified weather station must be recorded as, or forecast to be, 0°C or below for seven consecutive days. The scheme runs from 1 November to 31 March each winter.

The payment is a fixed amount for each week of cold weather. For many years this was set at £8.50 a week but the Labour Government increased the rate to £25 a week as a temporary measure for winters 2008/2009 and 2009/2010. The 2010 Government made the £25 rate permanent.

In the last two winters relatively mild weather meant that far fewer payments were made compared with previous years. In winter 2014/2015 DWP made 422,000 awards totalling £10.6 million. Winter 2013/2014 was exceptionally mild and payments “triggered” in one area only (postcodes linked to the Braemar weather station) in one week. Only 1,100 payments were made, totalling £27,500.

Payments are made automatically to those entitled to them. There should be no need to make a claim, but people who think they may be entitled but do not receive a payment should contact the Department for Work & Pensions. Further information is at GOV.UK. See also the Library briefing [Cold Weather Payments for winter 2015/2016](#).

1.3 Warm Home Discount (WHD)

The Warm Home Discount (WHD) was introduced as a statutory scheme in April 2011 to replace previous voluntary agreements with energy suppliers and was originally due to end in March 2015. A statutory scheme was first suggested by the Labour Government. The scheme is targeted at pensioner households on low-incomes using DWP records and data-matching.

Before April 2011, voluntary social tariffs were energy companies' special tariffs for vulnerable customers but they were phased out by March 2015. They were initially completely at energy companies' discretion so long as an agreed total was spent, and they were not necessarily well-targeted.

In its first year (2011-12), the WHD 'core group' was those who qualified for the guarantee element of pension credit, based on DWP records. Over 700,000 discounts on electricity bills of £120 were made.

In 2013/14 the discount was £135 and two million households benefitted.¹ The Core Group is those who were either:

- 75 or over and getting the Guarantee Credit element of Pension Credit (even if they get Savings Credit) or
- under 75 and only getting the Guarantee Credit element of Pension Credit (people won't qualify if they also get Savings Credit)
- In 2014/15 the discount rose to £140 and the Core Group is those who were either:
- All in receipt of Pension Credit Guarantee Credit only (i.e. no Savings Credit).
- All in receipt of Pension Credit Guarantee Credit and Savings Credit.

The following must also apply:

- The consumer's name, or their partner's name must be on the electricity bill (this may exclude some park home tenants or other tenants)
- The energy supplier must be participating in the scheme ²

There is also a smaller 'broader group' of recipients, and the definition of this can vary but must be approved by Ofgem. It may include being

¹ According to the Secretary of State; see the 2013 Annual Energy Statement [HC Deb 31 October 2013 c1093](#)

² The GOV.UK website has up to date details on eligibility.

on that supplier's 'Priority Services Register' (see section 4.2). Because definitions vary, it might be worth investigating and switching supplier.

However, there are limited funds, so meeting the definition of a supplier's broader group does not guarantee that a person will receive the WHD. For more details, see the Library Briefing paper [Warm Home Discount Scheme](#). More on the qualifying age for pension credit is available in the Library [Briefing paper on Pension Credit](#).

2. Energy Efficiency grants and payments

The former CERT, CESP, and Warm Front schemes have now been phased out. The main scheme was the green deal but the Government is no longer funding the Green Deal Finance Company (see below). However the Government is continuing with the 'energy company obligation' (ECO). There are some further schemes operating which vary by country, because promotion of energy efficiency is a devolved matter.

2.1 ECO, the Energy Company Obligation

ECO, the Energy Company Obligation was originally a supplement to the *green deal* but was intended for people in hard to treat homes, in deprived areas, and on low incomes who would not meet the green deal's criteria otherwise (that savings on energy bills cover the cost of the loan and improvements).³

The Library Briefing Paper [ECO, The Energy Company Obligation](#) sets out the details of the scheme.

2.2 Boiler replacements

The main boiler replacement scheme now is 'Affordable Warmth', an element of the ECO scheme. It replaces 'Warm Front' in England.

Affordable Warmth is aimed at 'low income and vulnerable households' and can provide part or all of the cost of boilers. The [eligibility criteria](#) are in the Library Briefing paper but they are complex (e.g. receiving income support PLUS an extra condition listed) or they can be found on the DECC [website](#).

2.3 Government-funded free advice on energy efficiency

England

To check eligibility for ECO it is best to contact the Government-funded [Energy Saving Advice Service](#) on 0300 123 1234.

Wales

In Wales, the number to call for eligibility for ECO advice is 0800 512 012. As well as ECO in Wales, [NEST](#) is available to people in Wales in less energy efficient homes and in receipt of certain means-tested benefits.

Scotland

³ Green deal was a 'pay as you save' loan for energy efficiency or micro-generation measures for up to 25 years. The Government announced on 23 July 2015 that funding for the [Green Deal Finance Company](#) would end removing the financial support for Green Deal measures

The helpline to contact regarding ECO eligibility in Scotland is [Home Energy Scotland](#) on 0808 808 2282, and there is also a Scottish [grants and discounts database](#) that can be checked. The [Home Energy Efficiency Programme](#) offers advice and, under the [Energy Assistance Scheme](#), grants to people in receipt of certain benefits or of a certain age.

Northern Ireland

The number to call for advice on ECO eligibility is, as in England, the [Energy Saving Advice Service](#) on 0300 123 1234. Also, the [Affordable Warmth grant scheme](#) is available for people on certain benefits.

2.4 Other energy efficiency measures

In the [2013 Autumn Statement](#) (5 Dec 2015), the government announced a new scheme for house buyers, giving them up to £1,000 to spend on important energy-saving measures and up to £4,000 for more expensive measures. It would be available to all people moving house including those who don't pay stamp duty, helping around 60,000 homes a year.

The Government also outlined a three year scheme that would help private landlords improve energy efficiency. It is anticipated that this would help improve 15,000 of the least energy efficient rental properties each year for 3 years. Another scheme announced aims to improve energy efficiency in schools, hospitals and other public sector buildings.

3. Microgeneration and low carbon technology schemes

3.1 The Renewable Heat Incentive (RHI)

The only scheme aimed specifically at reducing (indirectly) the heating bills of people living off-gas grid is the RHI. This is a one-off payment to help cover the purchase price of green heating systems followed by a tariff paid per unit of heat generated. For domestic installations this is usually an estimate. The [Energy Saving Trust](#) has a page explaining the RHI in further detail.

3.2 Feed-in-tariff scheme (FITs)

FITs are designed to promote small-scale (less than 5MW) low-carbon electricity generation such as wind and solar, in return for a guaranteed payment from an electricity supplier for the electricity generated and used, as well as a guaranteed payment for unused surplus electricity they export back to the grid. Further details can be found on the Energy Saving Trust page on [feed-in tariffs](#), including reductions to tariffs that came into force in January 2015, following a [Government review and consultation](#).

4. Practical steps

4.1 Switch energy supplier

Some people think there is no point switching supplier because the 'Big 6' will all follow each other in raising prices. The big companies know that many of their customers are 'sticky' and have never switched. But there are at least two good reasons to switch:

- There are some fixed rate deals around at the moment that may in effect 'freeze' tariffs for one or more winters
- Some companies may offer better customer service; for example the ease with which you can contact your energy supplier may be important to you

The Government, Ofgem, Consumer Futures, Which? and Citizens Advice all encourage switching, because this is the best way to encourage competition and indirectly keep prices down. There is advice on switching from, for example, the [Energy Best Deal](#) campaign.

People should now be receiving 'annual energy statements' either on their bills or separately once a year. These provide accurate figures for energy usage, which will make the results from price comparison sites such as Uswitch more meaningful.

There is an obligation on gas and electricity suppliers to show the cheapest tariff on customers' bills; the only compulsion for suppliers to switch customers to cheaper tariffs is if the tariff the customer is paying is a variable tariff that has no end date and is no longer available to new customers (often referred to as 'dead tariffs').

Ofgem (the gas and electricity industry regulator) introduced [new obligations](#) on domestic consumer energy suppliers in April 2014 that required them to:

- Show a '*cheapest tariff message*' on page 1 of the bill and in other regular customer communications. It has to contain two savings messages, expressed in pounds per year and based on the personal usage of the customer. The first, 'narrow' message, informs customers of any savings that they could achieve by switching to the cheapest similar tariff of their supplier. The second, 'wide' message, informs customers of any savings that they could achieve by switching to the cheapest overall tariff of their supplier.
- Transfer all customers on existing, expensive "*dead tariffs*" (evergreen tariffs that are no longer marketed or put another way a variable price tariff with no end date that is not open to new customers.) onto the cheapest variable rate by June 2014. A supplier will only be able to keep consumers on "*dead tariffs*" if they are cheaper than, or as cheap as, the supplier's lowest standard or evergreen tariff.

Following a referral by Ofgem, the Competition and Markets Authority is undertaking a major [Energy market investigation](#) that is reviewing all aspects of the domestic energy market. It is expecting to publish its final

recommendations in June 2016. The report may well contain measures to help consumers with their energy bills.

4.2 Join Priority Services Registers

Constituents can ask to be added to their supplier's Priority Services Register (PSR). Each energy supplier is obliged to provide certain free services to people who are;

- of pensionable age
- have a disability
- have long term ill health
- are blind or visually impaired

This does *not* have a specific provision relating to money off bills, but it offers other free services. These include regular personal meter readings which may help stop large 'backlog' bills building up. Being on the PSR may also be one of the criteria for being on a supplier's 'broader group' for WHD. Citizens Advice has a good [leaflet on the PSR scheme](#); a friend, relative, carer or Member of Parliament can refer constituents to their energy supplier's PSR.

Suppliers are also prohibited from disconnecting a premises occupied by a customer eligible for the Priority Service Register (PSR) during the winter months (1 October - 31 March). In addition to this, many suppliers have signed up to a [Safety Net](#), which offers further protection for vulnerable customers.

Amongst other things, suppliers that are signed up to the Safety Net have pledged to never knowingly disconnect a vulnerable customer at any time of year. In this instance, vulnerable customers may be customers that for reasons of age, health, disability or severe financial insecurity, are unable to safeguard their personal welfare or the personal welfare of other members of the household.

4.3 Join collective purchasing schemes

Some people who rely on heating oil have formed 'oil clubs' to obtain lower prices through collective purchasing or bargaining. This idea gathered some momentum for general (electricity and mains gas) energy bills and indeed has been encouraged by the Government through its *Cheaper Energy Together* fund.⁴

The Government has produced [guidance on collective purchasing and switching](#). There have been several local schemes, and Which? ran a [Big Switch](#) campaign. This has since closed, but some other websites allow people to sign up to be notified of future campaigns, including [Scotstogether](#) and [Cheaper Energy Together](#).

⁴ <https://www.gov.uk/government/news/davey-next-steps-on-collective-purchasing-for-a-better-energy-deal>

5. More sources of information and advice

5.1 GOV.UK

This is the government's general on-line information portal with a good summary of [heating and housing benefits](#) which repeats much of the information in this note. GOV.UK also now has an [energy grants calculator](#) page which should pull together eligibility for all schemes. There is also now an [online "benefits adviser" on GOV.UK](#).

5.2 Benefits checks

People can, alternatively, seek a benefits check through contacting a CAB or local welfare rights group. Local CABs can be located via the [Citizens Advice website](#) or 08454 04 05 06. For older people [AgeUK](#) (previously Age Concern and Help the Aged) might be best for benefit checks.

5.3 Home heat helpline

The [Home Heat Helpline](#), established by the energy industry, on 0800 336699 gives free advice to low-income households in urgent need of heating help and advice.

5.4 Citizens Advice

[Citizens Advice](#) is now dealing with advice on energy. It is a useful source of information, often commissioning or carrying out its own research on issues.

5.5 Complaints

Ofgem is the energy regulator but it does not deal with consumers directly. It does however have [web pages on how to complain or raise issues](#).

The [Energy Ombudsman](#) will handle individual complaints from constituents but only after any energy companies' routes of complaint have been exhausted; see the Library note on [Energy complaints and the Energy Ombudsman](#).

6. Policy developments

6.1 Ofgem's work

Ofgem is the Regulator and it [sets price limits on some elements of consumers' bills](#). This includes the charges for transporting energy, because the networks are run on a monopoly basis. It does not currently limit the overall or total ('supply') bills for energy to customers, following the introduction of competition. Ofgem has a duty to promote competition, but one of its primary aims is to protect the interests of current and future consumers.

The Library Note [Competition in energy markets in Great Britain](#) contains a summary of Ofgem market reforms and the current scheme for simplifying tariffs.

6.2 Review of Energy Market

The energy sector faces three conflicting pressures.

- Firstly, consumers grew accustomed to cheap energy in the years after the liberalisation of the domestic gas and electricity markets around the turn of the century. But in more recent years, particularly since the recession, many households have been struggling with price increases.
- Secondly, the UK faces a challenge in delivering its future energy requirements. In the long term the Department of Energy and Climate Change (DECC) has estimated that electricity capacity will need to grow as demand is likely to increase by between 30 and 100 per cent by 2050.
- Thirdly, the UK is committed to reducing its greenhouse gas emissions by at least 80% in 2050 under the Climate Change Act 2008.

In short, energy must become low carbon, while remaining affordable to consumers and attractive to investment.

Box 1 summarises the principal political and regulatory interventions that have sought to address the competitiveness of the domestic electricity and gas markets in Great Britain.

Box 1: Political and regulatory interventions

1. April 2009: Ofgem [Energy Supply Probe – proposed retail market remedies](#)
2. March 2011: Ofgem [The Retail Market Review - Findings and initial proposals](#)
3. September 2013: Leader of the Opposition announced [plans to freeze energy bills for 20 months](#) if Labour won the next general election
4. October 2013: Prime Minister calls for a 'competition test'
5. November 2013: Ofgem consultation on [assessment of competition in the energy market](#)
6. March 2014: Ofgem and CMA [State of the Market Assessment](#)
7. June 2014: Reference by Ofgem to Competition and Markets Authority (CMA) to [investigate the supply and acquisition of energy in Great Britain](#)
8. June 2015: Letter from Secretary of State for Energy and Climate Change to 'Big Six' [calling for reduced prices](#)

In June 2014, the Coalition Government supported Ofgem's referral to the Competition and Markets Authority (CMA) to undertake an [Energy Market Investigation](#)

By referring the matter to the CMA, Ofgem was intending there to be a once-and-for-all investigation into whether or not there are further barriers to effective competition because the CMA has more extensive powers that can address any long-term structural barriers to competition.

In deciding to make a reference to the Competition and Markets Authority; Ofgem said

During its investigation, the CMA will seek to identify features of the market that have an adverse effect on competition. The State of the Market report identified the principal market features that may have a harmful effect on competition, outlined below. The CMA has discretion to look at any issue within the terms of reference, including those beyond the issues below.

Weak customer response. Evidence that customer activity in the market is low, and trust is low, which is preventing the process of competition from working effectively.

Incumbency advantages. Suppliers that gained a large customer base when competition was introduced continue to charge higher prices to their less active customers. This suggests competition is not working effectively for all customers.

Possible tacit coordination. We found no evidence of direct coordination, but there is evidence of possible tacit coordination, which can weaken competitive rivalry between companies.

Vertical integration. Vertical integration is prevalent in this market. It can provide efficiency benefits but can also harm competition. A full investigation of the balance between costs and benefits is

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needed, to establish whether vertical integration is best for competition.

Barriers to entry and expansion. Barriers identified in our report included credit and collateral requirements, low wholesale market liquidity, extensive industry regulation, and policy uncertainty.

These key features of the market contribute to poor outcomes for consumers, including increasing retail profitability and low levels of consumer trust. In addition to the principal features listed above, our work has identified a number of other features that the CMA may wish to consider. We will set these out in subsequent submissions to the CMA.⁵

The reference followed Ofgem's [consultation on referring the energy market to the CMA](#) that in turn had followed the publication of the *State of the Market Assessment* in March 2014

At present the Competition and Markets Authority is expecting to publish its final recommendations by June 2016

⁵ Ofgem [Decision to make a market investigation reference in respect of the supply and acquisition of energy in Great Britain](#) 26 June 2014

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