

EDF Energy: Innovating to Tackle Fuel Poverty

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Background to EDF Energy

- EDF Energy is the UK subsidiary of the EDF Group, a leading energy player active in all major energy businesses.
- EDF Energy supplies gas and electricity to over 5.5 million customers We are the UK's largest supplier of electricity by volume, taking account of our business and residential customers.
- We are the UK's largest producer of electricity and the largest generator of low carbon electricity in Britain, and produce around one-fifth of the nation's electricity from our nuclear, coal and gas power stations, as well as combined heat and power plants and wind farms.
- The company is a key player in national infrastructure projects including involvement in the 2012 Olympics and plans to build up to four new nuclear power stations in the UK.



Fuel poverty in Great Britain

- Fuel poverty is formally defined in GB as households spending more than 10% of their income on energy bills and around 21% of the population are estimated to be living in fuel poverty.
- The Government has a formal target that no one should be living in fuel poverty by 2016.
- Until April 2011, there was no specific public service/regulatory obligation for suppliers in relation to fuel poverty but energy efficiency obligations do support this :
 - The UK Carbon Emissions Reduction Target (CERT) £5.5 billion energy efficiency programme 2008 - 2012 delivers insulation installed for free to all households with occupiers over 70 and also those in receipt of state benefits,
 - The Community Energy Saving Programme (CESP) £350 million obligation on energy suppliers and electricity generators 2009-2012 to deliver fuel poverty schemes of insulation in 300 deprived areas.



Our approach – innovating to tackle fuel poverty

- In 2003, EDF Energy created the first **Energy Trust Fund** in GB
 - Independent charity supporting customers with serious household debts.
 - We have so far donated over £17 million to support over 22,000 customers.
 - Also support debt and welfare organisations to deliver energy and debt advice.
- Giving customers a fresh start : 75% of customers granted an award were still debt free 12 months later
- **3 other suppliers have followed our example.**



Our approach – innovating to tackle fuel poverty

- In 2006, EDF Energy created the first social tariff in the British market: **Energy Assist** offering customers.
 - A 6% discount on their energy bills normally only offered to customers who pay by direct debit.
 - A further £37.50 discount per fuel per year.
 - Energy efficiency advice and
 - A benefit entitlement check.
- 158,000 (3%) of customer accounts currently benefit.
- **All the main GB energy suppliers have followed our example.**



Working in partnerships with NGOs - examples

- London Warm Zone
 - Working with 24 London boroughs on projects to deliver delivering insulation, central heating and income improvement.
 - EDF Energy provide insulation programme, core sponsorship, seconded manager and funding for the benefit checks.
- Citizen's Advice Debt partnership
 - Citizens Advice is the largest advice-giving network in the UK, regularly providing consumer advice from 3,500 locations on legal, money and other problems.
 - EDF Energy sponsored them £550,000 to deliver an independent debt advice service to EDF Energy customers in difficulty for 2 years from March 2011.



The Supplier Voluntary Obligation

- 2008 – EDF Energy Sustainability Commitments to continue to offer support until at least 2012.
- GB increases in numbers of customers in fuel poverty as a result of increases in wholesale energy prices.
- Energy suppliers' spending on voluntary initiatives had reached a total of £57 million.
- Discussion with Government led to a Voluntary Social Commitment agreed April 2008 for suppliers to develop and extend voluntary initiatives targeted at customers living in or at risk of fuel poverty.

2008/09	2009/10	2010/11
£100 Million	£125 Million	£150 Million



The Warm Home Discount Regulations 2011

- **The Warm Home Discount Scheme** was introduced by Government on the 1st of April 2011 and requires the larger UK energy suppliers to spend on programmes of support to 2 million customers living in fuel poverty.

	2011/12	2012/13	2013/14	2014/15
Suppliers total	£250m	£270m	£300m	£310m

- Suppliers to offer
 - Rebates on electricity bills - £120 in 2011/12 rising to £140 by 2014/15.
 - Continued support through social and discounted tariffs.
 - Support through energy trust funds and partnerships.



Reflecting an EDF Group wide approach – EDF SA

- Working with Government and stakeholders to offer support to those customers struggling with energy bills.
- 3 pronged approach:
 1. Financial Support through social tariffs and social funds in partnership with local government.
 2. Advice on consumer rights and sources of help and support, and signposting customers to the stakeholders who can help them.
 3. Prevention through energy efficiency advice and the installation of insulation and home improvements.



Conclusion

- Fuel poverty is an important issue for a supplier like EDF Energy, and for our customers and their ability to meet their energy requirements.
- We innovated to address this both from a Group principle of social responsibility and in order to improve customer's ability to pay.
- In a fiercely competitive market we wanted our competitors to participate and create a level playing field on costs.
- We have therefore welcomed Government placing this on a statutory footing to create equity for suppliers and consistency for consumers.

