

Memorandum from EDF Energy for the National Assembly for Wales' Environment and Sustainability Committee's inquiry into "Energy Efficiency and Fuel Poverty"

About EDF Energy

1. EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. We provide 50% of the UK's low carbon generation. Our interests include nuclear, coal and gas-fired electricity generation, renewables, and energy supply to end users. We have around six million electricity and gas customer accounts in the UK, including both residential and business users.

Key Messages

2. EDF Energy sees many benefits and opportunities from working closely with the Welsh Government. We both share the objectives of achieving value for money, careful targeting of funding, and assisting as many households as possible.
3. Following previous discussions with the Welsh Government, we considered the key areas where support could bring the most benefits and suggested opportunities for exploration, as outlined below:
 - a. **Lead Generation:** a partnership approach would facilitate the development of opportunities that fall outside Nest qualifying criteria but which are Affordable Warmth eligible.
 - b. **Housing Stock:** there is a strong need to support housing providers to gain a fuller understanding of the ECO measures needed for their particular stock. We would be interested in directly partnering with providers to develop ECO schemes and to explore ideas as to how the Welsh Government funding could provide support (such support being critical to rural areas to offset additional costs of delivery).
4. We are committed to working with Local Authorities and are in continued discussions to see how we can work together in a measured and managed manner. This will offer the best support to individual localised projects and the development of skills within Welsh communities.
5. We look forward to working closely together to the benefit of all parties involved, whilst focusing on effective support for households.

In relation to commenting on the National Assembly for the Wales' Environment and Sustainability Committee's Terms of reference, please note our response to the terms below.

To examine progress towards meeting the Welsh Government's statutory targets for eradicating fuel poverty in Wales by 2018.

6. EDF Energy recognises the challenges for the Welsh Government to meet its statutory targets for eradicating fuel poverty in Wales by 2018. There are practical challenges, for example:
 - a. The high proportion of properties with solid walls in rural locations, resulting in higher installation costs. We would recommend providing funding uplifts for those in fuel poverty living in this type of property to make delivery more cost effective for ECO obligated parties.

- b. As a result of progress and more up to date information, the 2010 Fuel Poverty strategy may be less aligned to the current situation.
7. Taking the above into account, we strongly recommend a review and update of the Fuel Poverty strategy should be considered to enable alignment with up to date information. This would encourage targets to be considered and set that have a better fit with current levels and circumstances.

To consider the impact of the Welsh Government's existing energy efficiency programmes (Nest and Arbed) and UK Government initiatives such as the Green Deal.

8. EDF Energy believes that those with practical experience of the existing energy efficiency programmes, Nest and Arbed, will be better placed to provide comment and evidence.
9. In terms of the next phase of the Green Deal, EDF Energy anticipates that the recent changes, for example, the increase in cash back payments, will encourage greater take up of the scheme.

To review the implementation to date by the major energy suppliers of the Energy Company Obligation (ECO) and other measures to alleviate fuel poverty in Wales.

10. EDF Energy has made significant contributions towards improving the energy efficiency of domestic households in Wales through its commitment to effective delivery of ECO. This follows our continued commitment in energy efficiency programme delivery, as we have previously indicated in programmes such as the Carbon Emissions Reduction Target (CERT). Furthermore, our Wales ECO delivery of measures (expressed as a percentage of our total UK ECO delivery) exceeds our percentage share of the Welsh energy market.
11. Delivery of the Warm Home Discount (WHD) initiatives has also taken place in Wales demonstrating our support to the most vulnerable households in Wales, helping to alleviate fuel poverty in Wales.

Brief overview of delivery of energy efficiency measures in Wales and the associated challenges

12. It is recognised that a considerable challenge for effective delivery of energy efficiency measures in Wales is the high percentage of properties that require solid wall insulation. As a result considerable financial investment is required to assist delivery.
13. One aspect of the challenge is that while Local Authorities have access to and apply for funding, the procurement process for spending the funds can create some issues including delays and lack of certainty. This can impact the ability to deliver measures smoothly and efficiently.
14. The established programmes of Arbed and Nest may also impact opportunities for new initiatives to be considered and launched.
15. It may be worthwhile considering how Local Authorities can be enabled to access greater practical guidance and support to establish more administrative resources and enhance understanding of their housing stock. This may present alternative delivery opportunities for implementation of energy efficiency measures and support to vulnerable households in the future through new schemes and partnerships.

EDF Energy

June 2014