

National Assembly for Wales
Environment and Sustainability Committee
EEFP 18
Inquiry into Energy Efficiency and Fuel Poverty
Response from: RWE npower



June 2014

The National Assembly for Wales' Environment and Sustainability Committee: Inquiry into Energy Efficiency and Fuel Poverty in Wales

Terms of reference

- To examine progress towards meeting the Welsh Government's statutory targets for eradicating fuel poverty in Wales by 2018.
 - 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.
 - 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.
1. RWE npower welcomes the opportunity to respond to the Committee's enquiry into Energy Efficiency and Fuel Poverty in Wales. RWE Npower supplies gas, electricity and energy service for nearly 6 million customer accounts across the UK, although in Wales, we supply less than 6% of all Welsh households. RWE npower is part of the RWE group in the UK, which includes:
 2. **RWE Innogy** is one of the UK's leading renewable energy developers with an operational portfolio in the UK of 935MW and a potential UK development portfolio of over 4GW, including wind farms, hydro plant and biomass generation to produce sustainable electricity. **RWE Generation** produces over 10% of the UK's electricity from our nine gas, coal and oil fired power stations. We also manage a portfolio of gas and biomass-fired combined heat and power plants across the country
 3. RWE has made investment of around £3bn in Wales. This includes the Pembroke 2GW CCGT, 750MW of offshore wind capacity in the Gwynt Y Mor, Rhyl Flats and North Hoyle Offshore Wind Farms and 150MW of onshore wind capacity with considerably more in the planning and/or construction phases.
 4. We also have 44MW of operational hydro plant and further 4.5MW in development. This investment has supported Wales-based industry and supply chains and encouraged the development of infrastructure such as port facilities
 5. In addition RWE owns and operates the Aberthaw power station which through its support for the Welsh coal industry contributes approximately £75m to the local economy including through its support of 2000 Welsh mining jobs. In total, RWE has over 500 direct employees in Wales.

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

6. We are unable to comment directly on the progress being made towards meeting the Welsh Government's statutory targets for eradicating fuel poverty in Wales by 2018 due to the lack of detailed data available. However, we note the Welsh Government's most recent projections of fuel poverty show an increase in the number of fuel poor households in Wales since 2010.¹
7. Whilst any increase is disappointing, we note that the rate of increase in the number of households in fuel poverty has slowed and also the success of the NEST scheme in targeting and improving the energy efficiency measures to those most in need (those living in F or G rated homes).
8. RWE continues to call for improved data sharing across all governmental departments (at both a national, devolved and local level) to improve the targeting of support for those households in or at risk of fuel poverty.

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.

9. We welcome the Welsh Government's approach to continuing to provide tax payer funding to deliver energy efficiency schemes within Wales (in addition to schemes funded by the customers of the largest energy companies). We believe tax payer funding for energy efficiency and fuel poverty schemes provides the least regressive approach.
10. We are very supportive of the NEST scheme, which targets support to those low income households in the least energy efficient properties (those F or G rated properties). We believe such targeting is critical given the need to prioritize finite resources to those most likely to be the most in need.
11. We welcomed the announcement made by the Welsh Government in October 2013 regarding the additional £70m funding for fuel poverty measures in 2014/15 and 2015/16 to encourage and leverage funding for energy efficiency projects in Wales. We are awaiting the imminent announcement by Local Authorities regarding Expressions of Interest from suppliers and providers to work in partnership. We are however, concerned at the length of time that has elapsed since the original announcement; given the potential risk to deliver within the current

¹ Number and proportion of total households in Wales estimated to be in fuel poverty, source Welsh Assembly fuel poverty figures:

2010 = 332,000 households; 26.2% of all Welsh households
2011 = 365,000 households; 29% of all Welsh households
2012 = 386,000 households, 30% of all Welsh households

financial year, due to the requirements for public procurement and the time necessary to agree, fund and deliver measures.

12. RWE npower supports the ambition of Green Deal and we remain committed to the principle that Pay As You Save (PAYS) is the most appropriate means to finance energy efficiency improvement for those who are able to pay. RWE npower is an accredited Green Deal Provider and will enter the market when there are commercially favourable conditions driven by consumer demand.
13. Whilst RWE believes the concept of PAYS is correct, we are concerned at the low levels of awareness and take-up of Green Deal and the broader lack of customer demand for and value ascribed to living in more energy efficient properties.
14. Without a consistent message from Government, positively reflected in the media, that energy efficiency improvements remain the best way to both protect against higher energy bills and to reduce energy waste, we do not believe that the necessary cultural change required for a mass market roll-out will be delivered and believe customers remain unaware or disengaged from the benefits of improved energy efficiency.
15. Government (both National and Devolved) must continue to ensure that low income and vulnerable customers are provided with the necessary information, support and encouragement to access funding and other support available.
16. In terms of the impact of national Government policies; (such as Green Deal) to deliver energy efficiency measures, we believe that the focus of any assessment of the impact of the scheme should focus on the number of measures installed, rather than the number of Green Deal finance plans agreed. The UK Government and Devolved Administrations should remain agnostic on how customers choose to finance their energy efficiency measures.
17. We welcome DECC's recent launch of the Green Deal Home Improvement Fund, which is designed to help incentivise the uptake of energy efficiency measures for both home owners and landlords. All initiatives which contribute to increasing customer demand for warmer and more energy efficient housing are to be welcomed, although we are concerned that the very high levels of grant funding available may further dilute the concept of PAYS.

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.

Energy Efficiency

18. We strongly believe that installing energy efficiency measures provides the best long-term and sustainable solution to prevent and mitigate fuel poverty. RWE npower has a long history of delivering energy efficiency measures within Wales; through our participation in the Warm Wales schemes in Neath Port Talbot and Wrexham. npower also worked in

partnership with Arbed Phase 1 to deliver energy efficiency measure in Markham, Flintshire and Swansea.

19. Through our CERT and CESP schemes (which ran between 2008 and 2012) npower delivered ca. 100k energy efficiency measures within Wales. This is significantly higher than the number of customer premises supplied in Wales. These measures included:
 - 1,913 Solid wall insulation
 - 34,364 Cavity wall insulation
 - 54,457 loft insulation
 - 2,161 fuel switches²
 - 1,686 replacement boilers
 - 812 PV panels
 - 86 solar hot water systems
 - 1,351 other measures (including Thermostatic Radiator Valves, hot water cylinder jackets and draft proofing)
20. Since the introduction of the Energy Companies Obligation (ECO) in 2013, npower has delivered 3,983 ECO measures in Wales.
21. In addition, npower Ltd has a team of qualified Home Energy Advisors who can provide expert help at both an individual customer level and also deliver community-wide talks on energy efficiency, provide energy tariff advice and eligibility for a range of the services npower offers under its Spreading Warmth Programme, which offers help to those most in need, such as the elderly, low income families and those who are disabled or chronically sick.
22. In Wales, since 1st January 2013, our energy advisor has delivered 45 home visits to npower customers; providing bespoke advice and support, held 19 community talks (attended by 280 people), participated in 3 energy efficiency exhibitions (with more than 300 people attending) and conducted 37 ad hoc networking visits.
23. In addition, between 1st January 2013 and 9th June 2014, npower's energy efficiency advice team has responded to 3,205 telephone enquiries for energy efficiency advice and 567 home energy efficiency reports (via our online system) have been created and provided to customers in Wales.
24. Npower is committed to help in the fight against fuel poverty in Wales and believes that energy efficiency is one of the key ways of doing this. In order to do this it is important that data on those in fuel poverty can be shared and this data is accurate and up to date. This will enable a more efficient targeting of resources.

Warm Home Discount

² The majority of the fuel switches were for the installation of new gas central heating systems for households with old coal or electric heating systems.

25. In total, npower expects to spend ca. £130m on the Warm Home Discount scheme since its launch in 2011 to the **current** end date in March 2015.
26. In Year 3 (2013/14), npower delivered 2,300 Warm Home Discount rebates to customers in Wales, and through our independently administrated Trust Fund, npower assisted 55 customers with debt write off (£24k of energy debt written off)

Health Through Warmth

27. Health through Warmth (HTW)'s objective is to help alleviate the health problems experienced by vulnerable people resulting from, or exacerbated by, cold living conditions. Once a referral is received, each case is assessed individually and quotes are arranged for appropriate heating and insulation measures and various sources of funding are accessed. Associated energy efficiency advice and information is also provided.
28. HTW has been active within Wales since 2003. A new partnership was established in July 2011 with Care & Repair Cymru, which holds a HTW Crisis Fund that caseworkers from Care & Repair Agencies across Wales can apply for on behalf of their clients who meet the HTW scheme criteria. This partnership, which focus on assistance for the over 60's and disabled people, has enabled the HTW scheme to reach many more vulnerable people across Wales.
29. An important element of HTW is the Crisis Fund provided for vulnerable, low income homeowners who are not statutory grant eligible and would otherwise be left without help. Charitable funding for measures is also sought and the scheme has developed strong relationships with this sector. Clients don't have to be, or become, npower customers but they must have a cold related illness.
30. Cumulative impact of Health Through Warmth in Wales (up to 30th April 2014)
 - 1,944** community workers trained to enable them to make referrals;
 - 4,978** vulnerable households have been referred;
 - 3,504** vulnerable people have received help;
 - £5.44million in leverage accessed** (includes £3.6m from HEES grants, £101k from NEST and £190k from charitable organisations); £665,631 contributed from the npower HTW Crisis Fund.
31. We are currently working with Health Check Wales to promote HTW across Wales. Please see Appendix 1 for an example of an article that appeared in the Western Mail on 9th December 2013.

www.walesonline.co.uk/hcw



Retirees have taken over the maintenance of the Macmillan Cancer Unit's garden at Prince Charles Hospital. The garden, which is used by cancer patients and carers, has been transformed by the Retireans

Health Through Warmth aims to help vulnerable heat home

NPPOWER Health Through Warmth is a community warmth scheme aimed at vulnerable people with long-term health conditions who need some help to fund and install insulation and heating in their homes that they cannot get grants for.

Cold temperatures can have a detrimental effect on health. For example, when temperatures are around 12°C to 15°C the risk of many health problems occurring or worsening is increased, including respiratory infections, stroke and heart attacks.

npower Health Through Warmth is available to vulnerable people who meet all the scheme criteria, including a long-term, cold-related illness, a low household income with little or no savings (this is assessed by the team) and unable to fully fund measures, such as boiler repair or replacement or a new heating system.

Clients can be of any age, so sometimes the scheme may be offering help to a family where a child is ill.

People don't have to be, or become, an npower customer to benefit from the scheme.

npower Health Through Warmth has also joined forces with Care & Repair Cymru, the organisation responsible for all care and repair agencies in Wales, to enable vulnerable older people to access funding towards heating and insulation.

By working together, more

vulnerable people are encouraged to seek assistance, which can help prevent existing health problems from getting worse due to the cold.

Elaine Midwinter, npower Health Through Warmth scheme manager, said: "Adequate heating systems enable people to have a warm home which in turn can have a positive impact on health, especially when they already have conditions such as heart and respiratory disease.

"People in need are often the least likely to seek assistance, but organisations like care and repair agencies can make a real difference by getting in touch with us on their clients' behalf."

Since the scheme was founded in 2000, more than 81,000 vulnerable residents in England and Wales have been referred to npower Health Through Warmth for help with heating and insulation.

More than £65m has been loaned to help fund the work required, which includes £1.6m from charitable organisations. In addition, more than £8m has been contributed from the npower Health Through Warmth Crisis Fund.

Elaine said: "We would like to encourage organisations working with vulnerable people to get in touch.

"Also, if anyone thinks that they, or someone they know, could be eligible, they can contact us to

find out more about the help on hand."

The Health Through Warmth scheme has recently helped an 80-year-old lady living in Cardiff. Her boiler had stopped working, leaving her without heating or hot water.

She found that with arthritis and pulmonary fibrosis the cold at home severely affected her health. This lady was not eligible for any grants but she didn't have enough money to pay for a new boiler herself.

Unsure where to turn to for help, this lady contacted her local Care & Repair agency which arranged for the installation of a new boiler and looked for funding to help pay for the work.

The caseworker was able to access help from the unique npower Health Through Warmth Crisis Fund, as well as a number of contributions from charities. Without these funds this client would still be without heating.

This is a typical case where the Health Through Warmth scheme has been able to work with another organisation to provide much needed funding.

For more information about npower Health Through Warmth, including details of the help available and the eligibility criteria, or to make a referral, please visit www.healththroughwarmth.com or email: healththroughwarmth@npower.com



Cold weather can have a detrimental effect on health so npower aims to help vulnerable people with health conditions to warm their homes