

# Energy Consumers Commission - Draft Work Plan 2020/21

## Energy UK Response

9 October 2020

### Introduction

Energy UK is the trade association for the energy industry with over 100 members spanning every aspect of the energy sector – from established FTSE 100 companies right through to new, growing suppliers and generators, which now make up over half of our membership.

We represent the diverse nature of the UK's energy industry with our members delivering over 80% of both the UK's power generation and energy supply for the 28 million UK homes as well as businesses.

The energy industry invests £13bn annually, delivers £31bn in gross value added on top of the £95bn in economic activity through its supply chain and interaction with other sectors, and supports 738,000 jobs in every corner of the country.

This is a high-level industry view; Energy UK's members may hold different views on particular aspects of the work plan. We would be happy to discuss any of the points made in further detail with the Energy Consumers Commission (ECC) or any other interested party if this is considered to be beneficial.

### Detailed response to questions

#### **Q1. Do the objectives described support the aims of the Commission in the first year?**

**A.** Energy UK believe that the objectives described do support the aims of the Commission in the first year and welcome the ECC's ambition to improve outcomes for consumers in Scotland.

However, Energy UK would encourage the ECC to consider whether these aims and objectives are unique to Scotland, as opposed to the Great British (GB) energy market as a whole, and to remain mindful of its reach, as a number of the ECC's objectives cover areas which Ofgem regulates at a GB level.

Additionally, we would underline the importance of ensuring the ECC's objectives do not overlap with ongoing work and research being carried out by other consumer groups. In order to add value, the ECC's focus ought to be on complementing the work already being carried out and avoiding duplication of effort. We would also encourage greater understanding of the role and join up with Advice Direct Scotland (ADS), as the Scottish Government looks to change the energy consumer advice services from Citizens Advice and Citizens Advice Scotland to ADS. As such it will be necessary for the ADS, Scottish Government and the ECC to be clear on roles and remit so Scottish consumers understand the landscape and where decisions are being made.

Finally, Energy UK would advise the ECC to consider a further objective centred on increasing consumer awareness of smart metering and decarbonised heat technologies given the paramount importance of consumer buy-in of these technologies for the future energy system.

**Q2. Are the objectives described clear and achievable?**

A. Energy UK note the lack of tangible outcomes to the objectives set out, making it difficult to hold the ECC to account on these objectives.

**Q3. Are the correct themes identified to focus on in our work to improve outcomes for consumers in Scotland?**

A. The themes identified are relevant to focus on in order to improve outcomes for consumers in Scotland. However, Energy UK would encourage the ECC to ensure it avoids overlap with the work already ongoing in the sector. For example, Energy UK are launching a new, independently monitored Code of Conduct “The Vulnerability Commitment” to drive up standards of support for customers in vulnerable circumstances. In order to add value, the ECC’s focus ought to be on complementing the work already being carried out and avoiding duplication of effort. At the same time the Scottish Government and the ECC should set out if and how its findings will influence government policy and the work of ADS.

**Q4. Would you recommend the addition or removal of any themes of focus?**

A. Energy UK would welcome the addition of “smart meter installation awareness” to the ECC’s themes of focus given the paramount importance of consumer buy-in of smart meters for the future energy system.

Additionally, we note the lower funding for the theme “Engagement with Decarbonisation.” We would support the ECC to consider increasing the funding to meet its decarbonisation objective, particularly in light of the 26<sup>th</sup> Conference of the Parties (COP26) taking place in Glasgow in November 2021 which will present a key opportunity for ECC advocacy activity, and the Scottish Government’s Net Zero target by 2045.

**Q5. Are the relevant aspects of these themes captured in the descriptions?**

A. Energy UK would like to draw the ECC’s attention to Ofgem’s recently published final proposals to address self-disconnection and self-rationing whereby Ofgem took the decision not to introduce any new requirements on suppliers to identify self-rationing at this time. Therefore, we would encourage the ECC to avoid duplicating work already undertaken by the regulator.

**Q6. Will the combination of approaches described be appropriate and effective?**

A. Energy UK believe the combination of approaches described will be appropriate and effective. However, we would encourage the ECC to ensure it avoids overlap with the work already ongoing within other consumer groups and the GB market regulator, Ofgem. The ECC’s focus ought to be on complementing the work already being carried out in order to add value and avoid duplication of efforts and spending.

**Q7. Will the projects described adequately address the identified themes given the budget and timescale available?**

A. Energy UK note the ambitious targets set by the ECC in their 2020-21 work plan. Therefore, to increase the possibility for the projects described addressing the identified themes, given the budget and timescales available, we would support the ECC considering increasing the funding for the “Engagement with Decarbonisation” theme in order to meet its decarbonisation objective.

Energy UK would also advise the ECC to consider a further objective centred on increasing consumer awareness of smart metering and decarbonised heat technologies given the paramount importance of consumer buy-in of these technologies for the future energy system.

**Q8. Do you agree that the Energy Consumers Commission can play a useful role in connecting grassroots organisations to high level decision making?**

A. Energy UK agrees that the ECC can play a useful role in connecting grassroots organisations to high-level decision making. However, the ECC ought to remain mindful that certain high-level decision making occurs with Ofgem at a GB level. While we support the creation of the ECC, and the changes being made to the Scottish energy advice services, we feel more clarity is needed on the different roles and how each body will feed into the policy making process in Scotland.

**Q9. How can the Energy Consumers Commission best integrate grassroots bodies into its work?**

A. Energy UK would suggest the ECC conduct mapping exercises to locate the grassroots bodies. The ECC could also make use of its own network to publicise the work they are carrying out in order to attract grassroots organisations. Furthermore, the ECC ought to engage its members who are at a higher level in the advocacy tree who may already be interacting with grassroots bodies.

Engaging with local authorities especially in rural and remote parts of Scotland, such as the Highlands and Islands will help provide the ECC with a much better picture of local groups and organisations that are already involved in many aspects of the energy transition. This can especially be the case where local groups are already leading communications and engagement on areas such as energy efficiency, decarbonisation of heat and fuel poverty.

When integrating grassroots organisations into its work and objectives, Energy UK would underline the importance of avoiding any duplication of work these organisations are already carrying out.

**Q10. Does the timeline identify the appropriate areas for Energy Consumers Commission advocacy activity over the coming year?**

A. Energy UK would invite the ECC to include COP26, scheduled to take place in Glasgow in November 2021, in its timeline as this will be a key opportunity for ECC advocacy activity.

**Q11. Will the described series of engagement adequately incorporate industry, regulator and other voices into the process?**

A. Energy UK would encourage the ECC to be clear that it plans to engage with and share any findings with Ofgem, the Competition and Markets Authority (CMA) and relevant consumer groups.

**Q12. Will the identified actions on advocacy and engagement (Section 9) appropriately meet the objectives of the Energy Consumers Commission?**

A. See responses to previous questions

**Q13. Please leave any further comments below.**

A. Energy UK welcome the ECC's ambition to improve outcomes for consumers in Scotland. Nevertheless, we note the ambitious nature of the work plan for the coming year, in particular the target set by the ECC to respond to a significant number of policy consultations. While it is a decision for the Commission to respond to consultations, given its work plan for the year and the nature of it being a Scottish Government Commission, it may want to reconsider responding to consultations and instead focus on providing advice to SG to shape consultations prior to publication. This is especially the case at the current time as the Scottish Government looks to make major changes to the energy consumer advice services, and energy suppliers step up efforts to protect Scottish customers in the wake of COVID-19.

The industry would welcome clarification on where from, and for how long, the funding for the ECC will be available and assurance that energy suppliers will not be required to provide additional funding for its activities.