

# Speech at the National Energy Action (NEA) parliamentary reception

Tuesday 9 March 2010

Ian Peters, Chief Operating Officer, British Gas

British Gas is delighted to be supporting tonight's reception.

I am proud to say we have worked in partnership with NEA for more than 20 years

During this time we've developed and delivered with them numerous projects, campaigns and training to help address the heating and insulation problems of fuel poor households.

For example, at a time when many people are struggling to pay their bills, we are acutely aware of the need for proper fuel debt advice and support.

At British Gas, we offer a number of services and in the last year we have helped over 900,000 customers to extend their payment plans over a longer period.

What is key to British Gas's effectiveness in delivering its assistance packages to its vulnerable customers is partnerships, and few are better or more effective than our partnership with National Energy Action. These partnerships allow for a cross pollination of ideas, knowledge and skills, all of which leads to a better outcome for our customers.

Some customers prefer to speak to British Gas about the challenges that they face, and some prefer to speak to independent parties. That is why we were keen to pass on our experience to train up independent advice agencies which could help vulnerable people with fuel debt advice.

Over the past year, we've worked with NEA and our other charity partners to train up their agents to deliver advice and support to customers and have helped over 2m people.

We are also delighted to support the Footprint Awards. There is so much good work being done across the country that it is important to identify and celebrate that best practice. Tonight we are able to do that and I congratulate the nine regional winners. I look forward to following the development of their projects

I want to touch on two areas this evening

- British Gas's commitment to fuel poverty
- The role of energy efficiency

## 1. Commitment to fuel poverty

British Gas sees addressing fuel poverty as an important priority. In fact we plan to spend over £500m on assistance for our most vulnerable customers between 2008 and 2011, that is more than all our competitors and second only to Government itself.

This goes beyond our regulatory duties as we genuinely believe that it is important we take a leadership position.

We've been clear about our role in driving forward the agenda.

For example, we have introduced the largest social tariff in the energy market

- Currently we have 300,000 customers on our Essentials tariff for our most vulnerable customers
- These customers are paying an average £123 less per annum compared to a customer on a standard tariff

And we've removed the prepayment meter (PPM) differential on both gas and electricity so all our customers who pay by PPM now pay the same as customers who pay by cash or cheque.

Our fuel poverty support represents a significant financial commitment.

In 2008, the Government introduced a voluntary commitment which committed the energy suppliers to £150m between 2008 and 2011. British Gas's share of this was £34m 2008/09, £42m 2009/10 and £49m 2010/11.

In fact, British Gas has gone beyond this. By 2011, we estimate we will have spent nearly £200m over the three year period, 133% more than our commitment.

According to Ofgem, we accounted for 52% of the total industry spend on voluntary programmes in 2008-09 despite having a market share of only 33%

This alone is testament of our commitment to doing the right thing for our most vulnerable customers

And we don't just offer tariffs. Other services are equally important to our most vulnerable customers

For example, the independent British Gas Energy Trust, set up in 2005, helps people in debt to their energy and water suppliers. We have committed £21.3m to the Trust. Last year, the Trust allocated 5,000 grants at an average value of £500. And a special thanks for the dedication and service Jenny has given in her role as a Trustee to the Trust.

At British Gas we are also able to offer in-house benefits checks, and dedicated call centre staff have been trained to help some of our more vulnerable customers understand what help is available to them and how to get access to it.

And our flagship community programme, here to HELP continues to help customers

- nearly 600,000 homes have benefited from energy efficiency products, benefits assessments, essential appliances, home security measures and advice from our charity partners including Help the Aged/Age Concern, RNIB, Money Advice Trust and Carers UK.

British Gas would like to thank all of its charity partners who make up the coalition to help identify and support those who need our help most.

We run a wide range of shared initiatives to help those in need.

- For example, during 2009 British Gas and Save the Children helped over 700 of the poorest families in the UK by providing grants for over 1,000 children for bare necessities that they would not have otherwise been able to afford. This

included warm clothing for the winter period, beds and kitchen appliances to enable them to cook food.

- The British Gas/Help the Aged 'Staying Warm in Winter' campaign this year has helped over 300,000 older people, providing advice and information on keeping warm, reducing energy bills through energy efficiency and maximising their incomes. The partnership Benefits Advice Programme has benefited over 50,000 people since 2003 enabling £26m additional welfare benefits.

And we are committed to continue to find new ways to help the fuel poor

But targeting help at the most vulnerable has always been a challenge because we don't have income and benefits data on our customers.

Therefore we have welcomed Government plans to share data on pensioners on pension credit.

This month we will be participating in a pilot with the Department for Work and Pensions (DWP) which will attempt to match suppliers' customer data with the data that Government holds on the poorest pensioners on Guaranteed Pension Credit.

This is an exciting initiative which could see some of the poorest groups in society receive an £80 rebate on their electricity bill.

For those customers who still get into debt, we are committed to finding ways of working with them, to help them better manage their bills. We help restructure debt and we arrange suitable repayment plans that don't cripple the customer financially.

Working with DWP, we are looking into how you can better identify customers who would benefit from the Government's Fuel Direct programme, where some customers in receipt of benefits (including Support, Pension Credit, Employment and Support Allowance or income-based Jobseeker's Allowance) can have their fuel bills paid directly from their benefits offices, helping people avoid getting pulled into debt in the first place.

## **2. The role of energy efficiency**

Many of the programmes I have outlined are making big in-roads in treating the symptoms of fuel poverty. However, for a long term and sustainable solution we must focus on the cause, and here energy efficiency is key.

We welcome last week's publication of the Home Energy Management Strategy which we believe provides an important road map to improving the energy efficiency of people's homes and saving them money on bills.

Combined with the roll out of smart meters to 26m households in the UK, we can revolutionise the way in which people use energy.

Of the UK housing stock, 10m lofts and 8m cavity walls remain un-insulated. Due to poor levels of energy efficiency £1 in every £4 spent on heating is wasted. Better insulation could save customers up to £200 on their annual energy bills

The Community Energy Saving Programme could provide a model that will help lift people out of fuel poverty, particularly in social housing sector where there are higher levels of households on lower incomes.

Through the Community Energy Saving Programme, or CESP as it is more commonly known, energy suppliers and generators are obligated to invest around £350m in providing community based energy efficiency solutions. British Gas alone has a £70m spending commitment.

We were the first supplier to announce our first 10 sites around the country, working with local authorities and housing associations in Birmingham, Chester, Dundee, Glasgow, Haringey, Swansea, Knowsley, Preston, Southwark and Walsall.

Working with the Walsall Housing Association we have begun installing new boilers and solid wall insulation before any of our competitors had even identified projects.

This work makes a real difference to people's lives.

Christine Dunn, a Walsall resident, who has lived in the same house for 36 years has had external cladding fitted to the outside of her home and a new boiler has been installed.

Mrs Dunn told us: "Even though we only had the work done a few weeks ago, we're already starting to feel the benefit. Our home is definitely much warmer and we don't have to have the heating on as much as we did previously. We had our granddaughter to stay with us recently and she said it was so warm she had to kick her quilt off in the night."

British Gas stands ready to deliver energy services to our customers and to radically improve the energy efficiency of Britain's homes.

Last week we announced the creation of 1,100 new jobs through the creation of a new insulation business.

On top of the launch of our smart meter business last year involving the creation of 2,600 new roles

And to deliver this vision, we need a well-trained workforce which is why we are investing £30m per annum in our six engineering training academies across the UK.

In one of our academies, in Wales, British Gas is supporting the new "Heads of the Valleys" programme in partnership with the Welsh Assembly Government, training local residents in deprived areas how to install energy efficiency products, like insulation or solar panels, to improve the local skills levels and employment.

## **Conclusion**

So in summary, much work has been done to assist the fuel poor – and NEA is to be congratulated for the work they have done to keep fuel poverty on the policy agenda

However, clearly there is much more to do

Ultimately all parties involved in fuel poverty need to work together to find solutions. It's difficult times such as these where collaborative working between energy suppliers and Government, regulators, charities and community groups is so important.