

## FUEL POVERTY



Our whole understanding of fuel poverty is being squeezed in 3 ways. Weather patterns are becoming increasingly erratic. We have to deal with health risks both from the cold in winter and heat in summer. Fuel poverty will become as much to do with staying cool in summer as with staying warm in winter. And the inexorable rise in gas and electricity prices makes paying for either heating or cooling an increasing problem for low-income households.

When he spoke to the Parliamentary Warm Homes Group earlier this year, Allan Asher, the Chief Executive of Energywatch, quoted the DTI estimate that every 1% increase in energy prices pushes an additional 40,000 households into fuel poverty. In the last two years there has been a 40% increase in gas prices and a 29% increase in electricity prices. Predictions for this year are for a further 25% increase in the

cost of gas and 16% for electricity. Whichever way you add it up, this pushes around 4 million households into the fuel poverty trap across the UK.

Since the Labour Government first introduced the Warm Front programme, the cash we have put into tackling fuel poverty has increased tenfold. The second half of the policy, however, was based on falling energy prices. What a different world that was.

The whole framework of Cold Weather Payments and Winter Fuel Payments now needs to be completely re-thought. Cold Weather payments have not been altered for the best part of a decade, and there is compelling case for a government boost to its programme for eliminating fuel poverty.

Before the last election, I tried to persuade ministers to re-think Winter Fuel Payments along the lines of the mobility scheme for disabled people. Mobility allows a person to 'forward pledge' their mobility allowance as payment towards the cost of a purpose built or adaptive vehicle. What I wanted was for us to turn Winter Fuel Payments into a bigger programme that would allow people to have energy generating equipment and high quality insulation installed and paid for (say) a 4-5 year period.

As a government, we would probably have had to double or treble the Winter Fuel Payment, but we could have tied energy companies into doing the same via the Energy Efficiency Commitment. The Chancellor could even have got up-stream energy suppliers to pay the bulk of this in a £5 billion tax on their windfall profits on increasing gas and oil prices. Sadly, we ducked the opportunity.

What cannot be ducked is that climate change is changing the whole debate at a rate that politicians have yet to catch up with. There has been a fair amount of publicity about the eco-house I have just completed in the middle of Nottingham. Of course it is nice to have a home with such a high level of thermal efficiency and which generates more energy than it consumes. But this misses the point. We need a national plan that turns all housing into a source of energy rather than a net consumer of it. And the plan needs to begin with the poorest of households, in the poorest of properties. Almost certainly

the best approach will come in the form of local (decentralised) energy systems.

In Denmark, decentralised energy makes up 50% of their national energy supply. In the Netherlands it is over 60%, and rising. They are already working on simple things that we seem incapable of facing up to in Britain. In local energy systems you can turn over 90% of the energy inputs into household energy supply. In the UK's National Grid over two thirds of the energy inputs that go into power stations goes up in steam. Once you add in the losses (and charges) in transmission you are left with about 20% of the energy input by the time you get to switch on your first light at home. Britain could meet its energy needs twice over, just on the energy we throw away.

What excites me most about local energy systems is that if we moved to energy services contracts (rather than today's energy supply contracts) you could give energy systems to the poor and have the systems pay for themselves over the next 4 - 5 years. Some of this is beginning to be seen in regeneration proposals coming forward from all round the country. To make them work you have to have a government willing to change the energy market rules - as they have done in Germany - give new planning powers to local authorities to require energy generation in all building developments and/or practical support for community based solutions to meeting their own (secure) energy needs and ending fuel poverty.

None of this is impossible. It's just a vision thing.