

## WHO WILL STAND UP FOR THE FUEL POOR



When the weather stops soaking the British public the energy companies will take over. Already during 2008 average energy charges have risen by 38%. Wages, benefits and pensions have not. By the end of the year 6 million British households will officially be living in poverty. A harsh winter will mean many do not live through it.

Fuel poverty, however, is no longer just a winter issue. Large numbers of people are already facing demands for backdated payments following the last round of energy price rises. Even those with pre-payment meters (the most expensive way of paying for your energy) are facing demands for backdated payments because energy companies have taken 6 months to reset their meters.

A £500 arrears demand is hard enough for people with savings. For those without any it is the basis of despair. Examples of people getting up in the middle of the night to do their cleaning, washing and cooking - by taking advantage of cheaper energy tariffs - and then sleeping during the day are signs of how desperate the situation will get. And this is before the latest round of price increases kicks in during the autumn. Gordon Brown may be right to turn his back on gimmicks to tackle the problem, but it is also going to require a lot more than soundbites.

The Labour government deserves credit for making a legal commitment to eradicate fuel poverty in Britain by 2016. The government also deserves credit for the Warm Front programme to raise the energy efficiency of people's homes. The trouble is that the budget has now been cut and more people are being thrown into fuel poverty by price rises than are being taken out by Warm Front funding. What we need now is a radical shake up of policies rather than any tinkering at the margins.

In France, energy prices this year are set to rise by 2% for electricity and 5% for gas. This will apply to the same energy companies who, in Britain, are putting up energy prices by between 30% and 50%. The difference is that in France the Regulator has a legal power and duty to set acceptable price rises. In Britain, OFGEM only has a duty to 'create a competitive market'. In reality, the 6 energy companies that dominate the market only compete around the dividends they pay to shareholders. On average these will have been increased by 19% this year. The last people to be protected by Britain's laissez faire rules are the fuel poor and the public.

Gordon Brown is right to say that raising the standard of people's homes, and shifting towards more sustainable and renewable energy systems, is the central challenge we have to face. He is also right to say that it will come at a cost. His problem is that the mess we are in at the moment also comes at a cost. The Prime Minister has given out £9 billion worth of carbon credits to polluting Industries (mainly the energy sector). He could get polluters to pay for their own credits and use the money to tackle fuel poverty. He could follow Germany's example that requires energy companies to pay citizens premium rates for energy that you generate from your own home and community. He could give Britain's Energy Regulator the same powers that they have in France. He could reverse the decision made by his

ministers to take 'fuel poverty eradication' out of the public service agreements that apply to local authorities throughout the land. He could double the current energy Industry levy on what they are supposed to be spending to protect the fuel poor, or he could double the Warm Front budget.

Actually, there are dozens of ways in which the government could lead a dramatic transformation in how we tackle fuel poverty. But it requires that the government accepts the responsibility of running the country rather than just managing it on behalf of the energy companies and money markets.

The energy sector will scream that any such intervention would undermine investment security in moving towards a new energy future. Britain's position at the bottom of the European renewable energy league, suggests that the current freedoms enjoyed by companies in Britain have been used to reward themselves rather than to transform or secure the future.

The current package of proposals that has been produced by the government is unlikely to get either the government of the country out of the whole that we are in. It is too fragmented, too complex and too limited to win widespread public approval.

Most of the 6 million households currently in fuel poverty will continue to be so throughout this winter. Energy efficiency measures will come in bits and bobs rather than comprehensive packages. Cold weather payments (that have fallen from £61 million a decade ago to £4 million this year) are too erratic to be effective. The £910 million coming from the Energy Industry is but a fraction of the £9 billion subsidy given out in carbon credits. And less than half of this is likely to go direct to the fuel poor.

If Gordon Brown wants to produce a sea change in Britain's energy policies he has to find the courage to swim into the changes rather than just paddle