

## Scope submission to Domestic Gas and Electricity (Tariff Cap) Bill 2017 – 2019

### Key messages

- Disabled people face higher energy costs because of reasons related to their impairment or condition.
- These extra energy costs have a detrimental impact on disabled people's financial resilience and ability to fully participate in society.
- Scope welcomes the Government's intentions to tackle high energy costs through a temporary cap on standard variable and default tariffs.
- However, **the Bill should put in place specific provision for vulnerable and disabled consumers**
  - o Clause 7 of the Bill should be amended to ensure Ofgem's review of "conditions of effective competition" specifically considers the impact of the cap on vulnerable and disabled consumers
  - o A set of minimum requirements should be in place before the Secretary of State decides to lift the cap. One of these requirements should be a fairer and better functioning energy market for disabled consumers.
- The price cap will go some way to bring down high energy bills for disabled consumers, but is not in itself sufficient to tackle the range of barriers disabled energy consumers face and create a truly fair energy market.
- **The Government must put in place a longer-term plan to address the barriers disabled energy consumer face**, alongside the price cap, which improves the support disabled energy consumers receive, develops more effective data capture and data sharing and increases accessible

### Disabled people's extra energy costs

- Many disabled people are faced with no choice but to consume more energy because of their impairment or condition.
- Disabled people with limited mobility have to use more heating to stay warm, and disabled people who rely on assistive technology need to use extra electricity to charge them.
- Disabled people are savvy energy consumers. 62 per cent of disabled people say that they shop around when searching for an energy supplier.<sup>1</sup> And disabled people switch tariffs with the same supplier almost as often as non-disabled consumers.<sup>2</sup>
- However, despite being proactive consumers, disabled people still face higher energy bills:
  - o Over a quarter (27 per cent) of households with a disabled person, roughly 4.1 million households, spend more than £1,500 a year on energy. Of these, 790,000 households spend over £2,500 a year on energy.<sup>3</sup>

<sup>1</sup> Scope poll (2017)

<sup>2</sup> Ofgem (2017). Consumer engagement survey, <https://www.ofgem.gov.uk/publications-andupdates/consumer-engagement-survey-2017>

<sup>3</sup> Analysis of the Living Costs and Food Survey (2017), <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/methodologies/livingcostsandfoodsurvey>

- 55 per cent of disabled people have worried about paying their energy bills<sup>4</sup> and households with a disabled person make up 38 per cent of all fuel poor households in England.<sup>5</sup>
- High energy costs have a detrimental impact on disabled people's financial resilience. They can work as a barrier for disabled people to getting a job. They can also limit disabled people's ability to access education and training opportunities, pay into savings and pensions and participate fully in society.

“Before I became disabled, I never gave heating a second thought. But now, as I'm at home every day, things are very different. I find it hard to stay warm as I can't move around to generate any heat. I need the heating on pretty much constantly. I also use an electric heat pad to help manage my pain and an electric powerchair to go outside. This equipment requires charging frequently. My energy bills are much higher than before, and coupled with the loss of my income as a teacher, have made getting by very difficult.” **Lynley**

### The Domestic Gas and Electricity (Tariff Cap) Bill 2017-2019.

- Scope welcomes the Government's intentions to tackle high energy costs through a temporary cap on standard variable and default tariffs.<sup>6</sup>
- The cap is a necessary short-term measure, which will provide some help for disabled people who struggle with high energy costs.
- It is right that the Government is aiming to put this cap in place by Winter 2018/19.
- However, it is crucial that vulnerable and disabled consumers' experiences are put at the heart of this Bill.
- Clause 7 of the Bill places a requirement on Ofgem to carry out a review of whether “conditions of effective competition” are in place in the energy market. The Secretary of State must consider this review before deciding whether to extend or lift the price cap.
- As the Bill is currently drafted, the only thing Ofgem is required to take specifically into account as part of this review is the roll out of smart meters.
- We believe this Clause 7 should be strengthened to ensure an assessment is made as part of this review of whether the price cap has created a fairer market for vulnerable and disabled energy consumers.
- The BEIS Select Committee recommended that the Secretary of State's decision to lift the cap should be based on whether a set of minimum requirements are in place, including that overcharging of customers is reduced, fairness is improved and vulnerable customers are protected.<sup>7</sup>
- We fully support this recommendation.
- Ensuring a fairer and better functioning energy market for disabled people who face extra energy costs because of their impairment or condition should be a key part of this minimum requirement to protect “vulnerable” customers.

<sup>4</sup> Scope poll (2017). Respondents were asked whether they had worried about paying their energy bills in the previous 12 months.

<sup>5</sup> Department of Business, Energy and Industrial Strategy (2017). Fuel poverty Detailed tables: 2015,

<https://www.gov.uk/government/statistics/fuel-poverty-detailed-tables-2017>

<sup>6</sup> <https://services.parliament.uk/bills/2017-19/domesticgasandelectricitytariffcap.html>

<sup>7</sup> <https://publications.parliament.uk/pa/cm201719/cmselect/cmbeis/517/517.pdf>