



**Consumer
Focus**
Campaigning for a fair deal

Off-grid fuels

An investigation of the off-grid energy market

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About Consumer Focus

Consumer Focus is the statutory consumer champion for England, Wales, Scotland and (for postal consumers) Northern Ireland.

We operate across the whole of the economy, persuading businesses, public services and policy-makers to put consumers at the heart of what they do.

Consumer Focus tackles the issues that matter to consumers, and aims to give people a stronger voice. We don't just draw attention to problems – we work with consumers and with a range of organisations to champion creative solutions that make a difference to consumers' lives.

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Summary

Consumers using electricity, heating oil, liquid petroleum gas (LPG) or solid fuels pay considerably more to heat their homes than those using mains gas in comparable homes. Fuel poverty – even among consumers not on the lowest incomes – is therefore higher among off-gas consumers compared to gas consumers.

This report focuses on consumers of heating oil and LPG – off-grid fuels¹ used by many consumers living in rural areas and often associated with older, detached homes, which have higher heating requirements. The price of heating oil is also more volatile than other fuels. Heating oil prices increased by more than 50 per cent over the autumn of 2010. Although prices subsequently fell, they remain high by historical standards.

The report draws upon research Consumer Focus commissioned from GHK to investigate the off-grid market and considers the potential for Government policy initiatives to address the problem. The full report of the GHK research can be found here <http://bit.ly/w0INzF>

The rapid rise in oil and LPG prices in 2010, coupled with delivery problems associated with the cold winter, led the Office of Fair Trading (OFT) to carry out an investigation into the off-grid markets. Their report, published in October 2011, identified some limited areas where practice could be improved to benefit consumers. The OFT has already acted to make these changes. Overall, however, the OFT study found that 90 per cent of price variations experienced by consumers were the result of variations in the cost of crude oil.



¹ The term 'off-gas' is used to describe all non gas heating fuels, including electricity. The term 'off-grid' is used to describe non-grid heating fuels, namely oil, LPG and solid fuel. This report focuses on oil and LPG

Consumer Focus recognises that wholesale markets are driving cost rises. In the longer term, energy efficiency and renewable heating systems, which have both lower running costs and lower carbon emissions, are needed. However, we consider more can and should be done to improve access to affordable heat for off-grid consumers in both the short and long term.

We therefore asked GHK to address the following:

- identify the key issues facing off-grid consumers
- set out the arrangements for consumer protection in the off-grid market and illustrate how these compare with arrangements in other markets, particularly gas and electricity
- describe and assess options for improving consumer protection, particularly among those on low incomes in the off-grid market
- outline longer term options for improving the circumstances of off-grid consumers, looking in particular at energy efficiency
- make recommendations to widen options for consumers

This paper summarises the GHK research findings. It also draws upon the Government's Green Deal and Energy Company Obligation (ECO) proposals, other recent research reports and evidence presented to the Energy and Climate Change Select Committee inquiry into the off-grid market. It concludes with recommendations for improving access to affordable warmth for off-grid consumers.

The recommendations are summarised below.

In the short term, off-grid suppliers should:

- seek to improve the transparency of price information, independent of any single company, and available to all consumers via phone or internet
- strengthen and extend the existing code of practice for helping vulnerable consumers. The existing code concentrates on services during poor weather, and should be extended to apply all year round, particularly with respect to vulnerable consumers
- make sure their customers receive appropriate advice and energy efficiency services throughout the year
- offer and promote a range of payment methods, to provide consumers with options of spreading fuel costs throughout the year, where these are not already available
- support and encourage oil clubs that enable consumers to get a better price for their heating oil

The Government should:

- target and prioritise vulnerable off-gas consumers (ie all consumers without gas heating) in any plans to extend the Warm Home Discount
- explore bringing forward payment of the Winter Fuel Payment for off-grid consumers, so that they can pay for fuel before demand and prices rise in the peak winter period
- build upon the current Ofgem scheme in which gas distributors are incentivised to extend the gas network to low income communities to connect larger numbers of consumers

In the longer term, the Government should make sure that current and forthcoming initiatives, including the Renewable Heat Incentive (RHI), the Green Deal and the ECO, are structured to provide an integrated package of support for off-grid consumers. It should also prioritise gas network extension projects.

Specifically:

- Consumer Focus considers the carbon element of ECO, as well as the affordable warmth element, should focus on low income consumers. ECO should include an additional uplift for renewable heating measures targeted at off-grid consumers
- It is essential renewable heating systems are only installed as part of integrated 'whole house' improvement packages. Companies should therefore deliver appropriate insulation, including solid wall insulation, alongside renewable heat

- Green Deal providers should encourage 'able to pay' off-grid consumers to use the Green Deal to pay part of the up-front costs of renewable heating measures as part of integrated packages that include insulation
- The RHI should be targeted at off-gas consumers, either through higher levels of support, or by excluding gas consumers from the RHI
- The RHI should be integrated with ECO so that the two mechanisms work together to pay the up-front installation costs of renewable heat for low income off-gas consumers. This may require using the future RHI revenue stream, alongside ECO subsidy, to fund costs
- Consumer Focus advocates the recycling of the forthcoming proceeds from the Emissions Trading System auctions and Carbon Floor Price to complement Green Deal, ECO and RHI. In particular, support should focus on measures that provide affordable warmth to low income consumers in hard to treat and off-gas homes
- Gas heating remains the most affordable method of heating homes, despite recent price rises. There are around 1.3 million homes in close proximity to the gas network, of which a substantial number could be cost effectively connected to the network. Should the Government consider investing in infrastructure to stimulate the economy, it should prioritise gas network extension projects

Introduction

Fuel costs have clearly risen for consumers using mains gas or electric heating. However, as a regulated industry, there are well established arrangements in these markets to protect and reduce the impact of price rises affecting vulnerable and disadvantaged consumers.

This contrasts with the experience of the significant minority of consumers across all UK nations who use fuels other than mains gas or electricity to heat their homes. The most common of these fuels is heating oil, with liquid petroleum gas (LPG) and solid fuels also used by significant numbers of households. None of these markets are regulated in the same way as mains gas or electricity, and prices are much less predictable.

The price of heating oil, in particular, is closely linked to the world price of crude oil. As such, the price of heating oil has been extremely volatile in recent years, within a long term trend of rising prices. During the winter of 2010/11, heating oil prices reached their highest ever level, rising from a GB average of around 45p per litre (ppl) to over 70ppl in the course of a few weeks. This price spike was accompanied, for some consumers, by disruptions and delays to delivery due to very cold weather conditions affecting transport. Although heating oil prices have since fallen a little, they remain very high in comparison to historical levels, and have varied between 55 and 60ppl throughout 2011. LPG prices have also risen, albeit less sharply.

Consumers reliant on heating oil and LPG tend to have a higher income profile than consumers of other fuels, although there are still many with low incomes.² However, the effect of high prices, combined with these fuels being more common in older, less energy efficient rural houses, causes considerable hardship for off-grid consumers. In 2008, 33 per cent of British households with oil heating and 53 per cent of households with LPG heating were in fuel poverty, compared to 15 per cent for those with mains gas heating.³ Projected fuel poverty data for 2011 found that 41 per cent of British households with oil heating were in fuel poverty, compared to 24 per cent of those with gas heating.⁴

Many off-grid consumers contacted organisations such as Consumer Focus and lobbied their local MPs as a result of the 2010/11 price spike. The Government subsequently asked the Office of Fair Trading (OFT) to bring forward its investigation into the off-grid market. The results of that investigation were published in October 2011.⁵ The overall conclusions were that the markets for off-grid fuels were largely competitive. Critically, the study found that 90% of the variation in prices paid for heating oil by consumers was due to variations in the cost of crude oil. As part of that study, the OFT also identified and is addressing issues of misleading information provided by some heating oil suppliers.

² See Baker, W (2011), Off-gas consumers, Consumer Focus

³ Baker, W, *ibid*

⁴ Centre for Sustainable Energy (2012), Projected fuel poverty data for 2011, Consumer Focus. Projections based on modelling of income, fuel price and energy efficiency changes since 2009 – the most recent official data.

⁵ Off-grid energy, an OFT market study, available at <http://bit.ly/yh45io>

Consumer Focus contributed to the OFT investigation, and appreciates the value of the detailed analysis carried out. While we welcome the actions underway, we also believe that a wider range of responses than those covered by the OFT investigation are needed if off-grid consumers are to have access to affordable heat now and in the future. Given the link between the price of off-grid fuels and that of crude oil, which is determined by global markets, we recognise that longer term solutions will involve significant investment in energy efficiency and renewable heat. Those changes will take place over the medium and longer terms. The aim of this paper is to identify and assess the options to improve the circumstance of off-grid consumers in both the short and long term.

Consumer Focus therefore commissioned GHK Consulting to produce a briefing paper to:

- identify the key issues facing off-gas consumers
- set out the arrangements for consumer protection in the off-grid market and illustrate how these compare with arrangements in other markets, particularly gas and electricity
- describe and assess options for improving consumer protection, particularly among those on low incomes in the off-grid market
- outline longer term options for improving the circumstances of off-grid consumers, looking in particular at energy efficiency
- make recommendations to widen options for consumers

This paper presents a summary of the findings and recommendations from the GHK research. It also draws upon the Government's Green Deal and Energy Company Obligation (ECO) consultation, recent research reports and the Energy and Climate Change Select Committee's inquiry into the off-grid market⁶. The full GHK report is available on the Consumer Focus website www.consumerfocus.org.uk.

⁶ DECC (2011), *The Green Deal and Energy Company Obligation*, DECC. For example, Consumer Focus Scotland (2012), *Affordable warmth for off-gas consumers: the experience of social landlords and their tenants*, Consumer Focus Scotland and NEA (2012), *Delivering socially just low carbon solutions*, NEA. Energy and Climate Change Committee (2011/12), *Fuel poverty in the private rented and off-grid sectors*, <http://bit.ly/Ajs49q>

The GHK research

Issues facing off-grid consumers

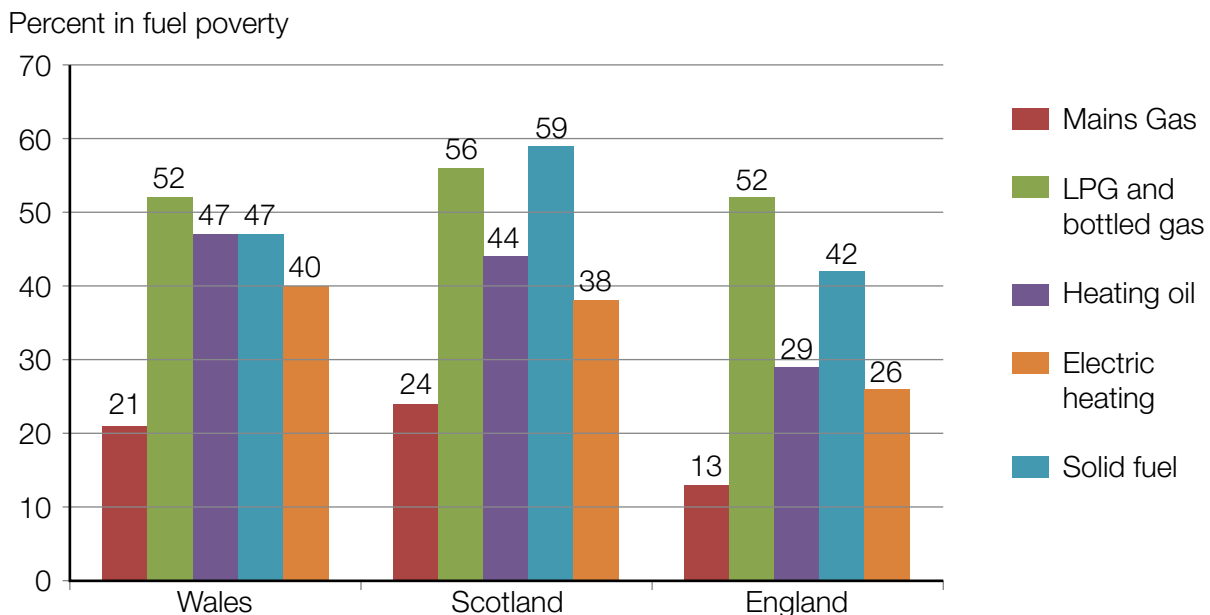
The GHK research found a high level of agreement, across existing literature and among discussions with stakeholders, on the issues facing off-grid consumers. These are summarised below, and in Figure 2 at the end of this section.

GHK carried out its research over the summer of 2011. The research consisted of a literature review, interviews with key stakeholders and analysis of potential options for improvement.

Fuel use and fuel poverty among off-gas consumers

- Although consumers using heating oil and LPG often enjoy higher incomes than those using mains gas, rates of fuel poverty are higher. This is because of higher prices and because these fuels are more commonly used in rural areas where the energy efficiency of houses is typically lower – houses are typically larger detached properties with solid wall construction
- There is evidence that consumer inertia is a problem in off-grid areas. For example, consumers are less likely to switch electricity supplier while many consumers eligible for benefits do not take them up

Figure 1 Shows fuel poverty rates, by heating fuel and by GB country, for 2008



Source: Baker, W (2011), *Off-gas consumers*, Consumer Focus

Market issues

- There are concerns that lack of competition could artificially maintain the price increases that took place in the winter of 2010/2011, adversely affecting consumers. The OFT investigation found that the market was generally competitive, although it also noted that choice may be limited in remote areas
- There is no industry-specific regulation of the off-grid sector similar to Ofgem's regulation of the mains gas and electricity sectors. There is therefore no licensing of suppliers or registers of vulnerable consumers through the Priority Service Register (PSR), although a voluntary code of conduct, developed by the industry, was introduced in 2010
- There are no obligations on off-grid suppliers to provide support to indebted consumers, take 'ability to pay' into account when negotiating arrears repayments or offer budget plans, again in contrast to the conditions applying to mains suppliers
- There is a limited range of tariffs and payment methods in the off-grid sector. While this makes price comparison straightforward, it also means that there is limited opportunity for consumers to mitigate volatile prices by choosing a capped or fixed price tariff

Energy efficiency and longer term solutions

- There are significant obligations on mains energy suppliers to support the implementation of energy efficiency measures in the homes of vulnerable households. There are only very limited obligations on off-grid suppliers by comparison
- Energy efficiency services, both publicly and privately funded, have traditionally focused on low cost measures, such as loft and cavity wall insulation and efficient gas boilers. The insulation measures are not, in many cases, suitable for the older houses typically found in rural, off-grid areas. In addition, large scale energy efficiency programmes have tended to focus on urban areas, where economies of scale are possible
- There are significant barriers to installing the energy efficiency and heating measures needed to provide affordable warmth for off-grid homes, such as solid wall insulation or renewable heating systems. These barriers include consumers' awareness and understanding of these technologies, as well as the significant up-front installation costs

Arrangements for consumer protection

The following summarises the main differences in consumer protection arrangements between mains gas and off-grid consumers (see the Annex for a more detailed comparison):

Negative

- The absence of an industry regulator for consumers in the off-grid market
- The absence of a Priority Service Register (PSR) under which mains gas and electricity suppliers have an obligation to keep a register of all customers of pensionable age or have a disability or chronic sickness. Benefits of inclusion on the PSR include a ban on disconnecting pensioners during winter months⁷ and provision of debt management and energy efficiency advice
- The absence of subsidised tariffs for vulnerable or low income consumers – although Warm Home Discount⁸ payments are available to off-gas consumers, those payments are supported through mains gas and electricity markets
- A code of practice is enforced to ensure that mains gas and electricity consumers are informed of price rises or a maximum price cap exists in contracts. Nothing comparable exists in the off-grid market
- Ofgem requires suppliers to provide clearly understood bills and information on alternative tariffs available. Variable tariffs are not available in the off-grid market; rather a flat zonal price is charged in a specific area (LPG) or a spot price is charged based on that day's wholesale price and demand (heating oil). In practice, however, both heating oil and LPG bills are typically simpler than those in mains fuel markets

Positive

- Many heating oil and LPG suppliers prioritise vulnerable consumers, for example when delivering in cold weather. Small, local suppliers in particular will often have detailed knowledge of their consumers and can make sure supply is maintained
- Heating oil and LPG suppliers tend to look after 'loyal consumers', in contrast to gas and electricity suppliers who provide the best deals to consumers who switch
- While switching rates among off-grid consumers are fairly low, the majority of consumers regularly compare prices to see if they can get a better deal
- Unlike gas and electricity suppliers, off-grid suppliers do not charge differential prices according to payment method. However, better deals are generally only available to consumers able to pay for large volumes (who tend to be more affluent consumers)
- Some LPG suppliers provide notifications of any price changes at least 14 days in advance, with some get-out clauses in contracts to enable consumers to shop freely should any proposed increases exceed a specified threshold (around 3.5ppl). At the end of any contract period a 'wake up' letter is also sent to customers in compliance with the Competition Commission orders

The above suggests that there are examples of good practice among off-grid suppliers. However, this is not universal across the sector, suggesting there is potential for improvement.

⁷ Ofgem (2010), *Annual Report, Domestic Suppliers Social Obligation*

⁸ See <http://bit.ly/xSkNf>

Options for improvement

The GHK research developed and assessed a wide range of potential policy options to provide a better deal for off-grid consumers. The assessment process considered cost, feasibility and likely benefits. Options fall into six broad categories, and are discussed in summary below (see also Figure 2 at end of section):

- market or price regulation
- price support
- supply side improvements and
- reducing energy consumption
- consumer activation
- extending the mains gas network

Market or price regulation

The research considered two types of regulation, covering customer performance issues and price. The OFT study shows that there is reasonably healthy competition in the off-grid markets, albeit with evidence of reduced competition in certain remote rural markets. The OFT has already identified and put in place measures to correct some wider problems, in relation to the use of misleading comparison websites, for example. In addition, Trading Standards are responsible for regulation of the heating oil sector in terms of such issues as inaccurate pricing.

The OFT also found that retailers tend to be small companies, and that the wholesale prices they pay are set by large oil refineries on a day to day basis. This contrasts with mains gas and electricity markets, which are dominated by six very large retail suppliers, all of which also act as wholesalers and which purchase energy many months ahead of delivery and use.

Further, heating oil and LPG prices are linked very closely to the price of crude oil. Heating oil suppliers, in particular, have very limited opportunity to smooth these price variations for consumers. LPG suppliers, because of the infrastructure needed, tend to be larger businesses than heating oil suppliers. There is less volatility in LPG prices as a result.

In line with the OFT findings, the analysis suggested that there would be significant practical difficulties in introducing formal price regulation in the off-grid market, because of the combination of market structure, and the driver for prices being the underlying cost of crude oil. However, the research suggests there is potential for voluntary initiatives by suppliers.

Since December 2010, the Government has worked with the Federation of Petroleum Suppliers representing heating oil companies to issue a voluntary code of practice⁹ to help prioritise customers in most need when restrictions are placed on the supply of fuel due to adverse weather conditions. The code is reproduced in the box below. As the code was only introduced in the December 2010, its effectiveness is currently unknown. Other than discounts offered to certain households, no evidence of social tariffs can be found in the off-grid heating oil sector, although it was investigated in the LPG sector.

⁹ <http://bit.ly/wBThtC>

Code of Practice for FPS members during abnormal weather/supply conditions

Members of the Federation of Petroleum Suppliers are requested to:

Prioritise order on the basis of need, asking the customer:

- How many days' supply they have left/how much oil remains in their tanks
- If they have anyone vulnerable in the household
- If they are in a position to come into the depot to collect some product to tide them over until a full delivery can be made
- If they have run out/ are about to run out, have they any other form of heating or any relatives who could help
- If they have already placed an order with another company
- If there are any difficulties with access to the property or tank

Inform local authority of any vulnerable customers they are unable to help

Encourage customers to be responsible when ordering:

- Be patient and trust their regular supplier
- Be honest about their circumstances
- Tell the distributor if they are vulnerable or are in difficult circumstances
- Explain any problems there might be accessing the property and/or tank due to adverse weather

The introduction of this code is clearly a positive development. However, there is potential to extend the code and its use so that it encourages FPS members to liaise with local authorities or appropriate community-based organisations throughout the year, linking, for example, to services such as benefit checks for vulnerable consumers. There may also be greater potential for suppliers to offer a wider range of payment options to help consumers spread costs – some suppliers already offer monthly Direct Debit payments – and for suppliers to work with the public or private sectors to promote the availability of energy efficiency measures.

Price support

Some vulnerable or disadvantaged consumers using mains fuel have, in the past, had access to social tariffs and discounts, which provide a reduction on bills for gas, electricity or both. These tariffs formed part of the voluntary agreement between energy suppliers and the Government within which suppliers pledged to allocate funds to social initiatives. Ofgem monitored supplier social spend but suppliers had considerable discretion, within Ofgem guidance, as to how they spent these funds.

From April 2011, the Government introduced a mandated system, the Warm Home Discount, in which suppliers provide a discount on electricity bills to a mandated group of low income pensioners and to a wider discretionary group of consumers at risk of fuel poverty. The Government argued that the provision of an electricity bill discount meant that off-grid consumers benefitted to the same extent as consumers with both gas and electricity supply. With social tariffs and discounts, those without gas generally received a smaller benefit than those with both gas and electricity.

Consumer Focus has suggested that the Government should provide a higher level of Warm Home Discount to off-gas consumers, in recognition of the fact that they generally face higher fuel costs than those with gas heating.¹⁰

The Government also provides Winter Fuel Payments to all pensioners to help towards paying winter fuel bills, with a higher amount going to those over 80.

The research considered the practicality of introducing social tariffs in off-grid markets. However, there was very limited support among stakeholders for such an approach. The main reason given was that the costs of social tariffs are spread across a large consumer base in regulated markets. By contrast, a relatively small consumer base in the off-grid market would have to support the social tariff costs. Since this involves an increase in costs for non-qualifying consumers and given the high rates of fuel poverty among off-grid consumers, social tariffs could potentially have negative effects on those who do not qualify.

Two other options were considered:

The Warm Home Discount is targeted towards vulnerable off-grid consumers, as it would be relatively easy to check whether a household had access to mains gas

Winter Fuel Payments are paid earlier to help consumers plan their spending on energy and get better value. This is because heating oil costs in particular tend to be lowest in late summer and early autumn, whereas Winter Fuel Payments are typically made in December

¹⁰ See, for example, Baker, W (2011), *Reaching the fuel poor – making the Warm Home Discount work*, Consumer Focus

Supply side improvements

Consumers have highlighted concerns about lack of transparency in off-grid markets. There is no equivalent to the independent price comparison websites which enable mains consumers to compare gas and electricity tariffs.

In comparison to mains fuels, tariff structures are extremely simple for off-grid fuels – prices are quoted per litre, with costs typically slightly higher for smaller deliveries to reflect the fixed costs involved. However, this means consumers are highly exposed to short term variations in costs. Also, lower income consumers are less likely to be able to afford a bulk delivery, will split their fuel orders over time and therefore pay higher prices. Accordingly, the research suggested that industry:

- should examine ways in which the quality and **reporting of price information** is improved to increase price transparency
- **(with Government support) should introduce alternative payment methods for fuel poor consumers**, particularly in the heating oil sector, which better reflect the options available to those using mains gas or electricity

Reducing energy consumption and providing access to alternative fuels

Continuing volatile and high crude oil prices are very likely to mean that heating oil and LPG will become increasingly less affordable. While the measures discussed above will help reduce the impacts of higher prices on consumers, it is clear that, in the longer term, a stronger approach to energy efficiency, combined with support for alternative sources of heating is needed.

The UK Government recently consulted upon its proposals for the Green Deal and a new ECO.¹¹ The Green Deal is a ‘Pay As You Save’ scheme, in which private sector finance is made available to help consumers make their homes more energy efficient and thus save on their energy costs. The Green Deal is underpinned by the golden rule – total payments for energy and for capital repayment of energy efficiency measures will not exceed current bills.

The ECO will replace the current Carbon Emissions Reduction Target (CERT) obligation on the larger regulated energy companies. ECO will require the energy companies to provide support for energy efficiency measures to those who are currently under-heating their homes or living in ‘hard to treat’ homes.

¹¹ DECC (2011), *The Green Deal and Energy Company Obligation*, available at: <http://bit.ly/w479yJ>

In the past, energy efficiency programmes have tended to focus on the delivery of low cost measures – loft and cavity wall insulation, efficient gas boilers – in urban areas, where economies of scale are possible, and where homes are more likely to be suitable for these low cost measures. Older, solid wall properties, more commonly found in rural areas, are harder to treat in terms of energy efficiency. Recognising this, the Government intends to focus part of the ECO on hard to treat homes which require solid wall insulation.

The Government is also introducing the Renewable Heat Incentive (RHI), which provides long term support for consumers installing lower carbon heating systems. Both financial and carbon savings are greatest in homes using fuels other than mains gas, and measures, other than Solar Water Heating, are only available for off-gas homes.

The research highlighted the importance of the Green Deal, ECO and RHI in providing affordable warmth for off-gas consumers. It recommends the targeting of an integrated package of support through the RHI¹², Green Deal and – in particular – the ECO to off-grid households.

Consumer awareness

Research consistently shows that consumers face barriers in understanding how best to combine energy efficiency and renewable heating measures, together with concerns about identifying trusted installers to carry out and maintain new systems. Given the current low levels of understanding of the technologies, the research suggests that targeted approaches should focus, at least in part, on social housing.

This is partly because tenants tend to be at greater risk of fuel poverty, but also because early work in social housing will enable installers to build capacity necessary to make the green deal a success.

The research also suggests a range of complementary actions, including showcasing local homes which have installed insulation and renewable heating systems. This will provide consumers with an opportunity to better understand both the installation and running of new systems in advance of taking decisions themselves.

Increasing access to the gas network

Alongside measures for individual consumers, the research also notes the benefits which could be delivered by extending the gas network. Connection to mains gas, other than for those within very short distances, is expensive, and is often likely to require action at community level. The research therefore suggests promoting community partnerships to expand mains gas connectivity, involving industry and communities working together to fund connection and facilitated by Government.

The research also recommends improving information on gas network accessibility and extending the current gas connection obligation to low income communities in the next gas transmission price control currently under consideration by Ofgem.

¹² Further information on the RHI is available at:
<http://bit.ly/wnedNx>

Figure 2 Factors, issues, consequences and possible solutions in the off-grid energy sector

Factors **Issues** **Consequences** **Options and sub-options**

| | | | |
|--|--|---|--|
| Lack of price transparency | Potential lack of competition | Increasing fuel poverty and risk of fuel poverty | Extend remit of Ofgem |
| Some market characteristics | Insufficient protection of (vulnerable) consumers | | Consumer protection harmonised with mains-grid sector |
| Potential unfair treatment of some consumers | Increasing off-grid prices | Suppliers abuse position to detriment of (vulnerable) consumers | Introduce maximum prices |
| Lack of regulation comparative to on-grid sector | | | Off-grid unnecessarily expensive for some households |
| Limited consumer awareness of price or energy substitutes | Limited connectivity to mains grid | Rural and less well off communities potentially left isolated | Replace Winter Fuel Payment with voucher |
| Lack of consumer energy planning | Inability to switch to cheaper mains grid energy sources | | Earlier payment of the Winter Fuel Payment |
| Consumer inertia in market (searching and switching) | Low energy efficiency uptake | | Improved targeting of the Winter Fuel Payment |
| Awareness/uptake of support limited | | | Improve awareness of the Cold Winter Payment |
| Increasing whole sale fuel prices | | | Cold Winter Payment criteria applied elsewhere |
| Fuel substitution infeasible | | | Integration of WHD with Green Deal and ECO |
| Low household incomes in rural (off-grid) areas | | | Higher rate of WHD |
| Lack of tailored energy efficiency solutions for off-grid households | | | Integrated support to rural households and vulnerable consumers |
| | | | Include off-grid suppliers in ECO energy saving obligations |
| | | | Off-grid mapping exercise, including National Energy Efficiency database |
| | | | Better targeting of current measures at vulnerable groups |
| | | | Improve the quality of information given to consumers |
| | | | Consumer access to demonstration homes |
| | | | Introduce alternative payment methods |
| | | | Introduce off-grid fuel options / capped pricing |
| | | | Establish voluntary codes of conduct |
| | | | Extend connection targets in next pricing round |
| | | | Promote community partnerships |
| | | | Government funding of gas extension projects |

Green Deal and other developments

This chapter describes a number of developments since the GHK research was carried out. Specifically, it focuses on the Green Deal and ECO, Energy and Climate Change Committee inquiry into off-grid fuels and the publication of several recent research reports of relevance to off-grid consumers.

Green Deal and Energy Company Obligation

The Green Deal and ECO are the Government's flagship policies to improve the energy efficiency of the existing building stock in Great Britain. The Department of Energy and Climate Change (DECC) recently carried out a consultation on its proposals for the two policies¹³. At the time of this report (February 2012), DECC had still to announce its final decisions.

Green Deal is a market-led tool to facilitate investment in energy efficiency measures for buildings. It allows companies to provide loans to consumers to pay for the upfront capital costs of energy efficiency measures. Legal mechanisms introduced as part of the 2011 Energy Act allow the costs of energy efficiency measures to be attached to the electricity bill at a property, rather than to the individual occupant of the property. Householders and businesses only pay while they remain at the property. The loan is then recovered through repayments based on predicted savings in energy bills over the life of the Green Deal Plan. The Green Deal will only fund measures that make sufficient savings to meet the 'golden rule' that loan repayments plus interest do not exceed predicted savings.

The ECO is intended to replace the existing CERT and Community Energy Saving Programme (CESP) which will both expire in 2012. The scheme will set targets for energy companies to support consumers in hard-to-treat homes and on low incomes over a 10 year period from 2012 to 2022.

The two 'obligations' under the ECO – Affordable Warmth and Carbon Saving – will have different targets, eligible groups and measures. The Carbon Saving obligation is designed to subsidise Green Deal in the case of measures that do not meet the 'golden rule', primarily solid wall insulation, and is open to all types of consumer (under the Government's proposals). The Government proposes that Affordable Warmth will support any measure that reduces the cost of heating and is targeted at low income consumers in private sector housing. The Government envisages Affordable Warmth, unlike Carbon Saving, will not be linked to Green Deal.

DECC estimates that the two components of ECO would require an annual investment of £1.3 billion by energy suppliers. It estimates that 25 per cent of this amount will be directed towards the Affordable Warmth target with the remainder directed towards the carbon target.

Green Deal, ECO and off-grid consumers

The Government's proposals make a number of references to off-grid consumers. For example, the consultation refers to the potential benefits of low carbon heating as an alternative to traditional off-grid fuels. However, it argues there is insufficient evidence to suggest that ground or air source heat pumps can provide cost effective benefits to low income consumers. It therefore does not intend to provide extra incentives for heat pumps under the Affordable Warmth obligation.

¹³ DECC (2011), *The Green Deal and Energy Company Obligation*, available at: <http://bit.ly/w479yJ>

The consultation also states that CERT has delivered proportionate benefits to different geographic areas and to different types of area within the country, that is the different nations and urban and rural areas broadly received their 'fair share' of CERT resources. It also proposes a number of features the ECO could have to help make sure off-grid properties benefit. These include:

- the use of scoring metrics which reflect the carbon benefits of improving the lowest performing housing stock (which tend to be 'off-grid' and/or solid wall)
- the requirement within the carbon obligation to install solid wall insulation will focus activity on areas that received few benefits under CERT
- the introduction of a brokerage system will give local providers better access to ECO and help reduce geographic inequity

The Government therefore does not intend to intervene to ensure 'geographic equity' of ECO resources. However, it invites evidence to support a contrary case for intervention.

Energy and Climate Change Select Committee inquiry into fuel poverty in off-grid and private rented sectors

In November 2011, the Energy and Climate Change Select Committee invited evidence for its inquiry into the off-grid and private rented sectors. It had yet to report on its findings at the time of writing this report (February 2012). However, evidence submitted to the committee, including Consumer Focus's submission, includes useful context and suggestions for future policy.

The following summarises these:

Heating oil market

- The Federation of Petroleum Suppliers did not sign up to the Citizens Advice charter for treating vulnerable and low income consumers on the grounds that they are developing a self-regulatory initiative with OFT support. However, this mainly focuses on clarifying existing law rather than going beyond minimum requirements
- Self regulation works best when Government strongly supports it and when the industry concerned is aware that independent regulation is likely should it fail to appropriately self-regulate. DECC should therefore provide a strong steer about the direction of self-regulation, particularly with respect to the treatment of low income and vulnerable consumers
- Oil clubs can help reduce heating oil prices for consumers by allowing consumers to benefit from the lower prices oil suppliers can offer when larger volumes of oil are purchased. This is mainly due to reduced delivery costs. Generally, they require oil club members to take delivery on the same day
- Citizens Advice provides a good practice guide for oil buying clubs and a 'top tips for oil club co-ordinators'.¹⁴ The guidance suggests that buying groups that charge a membership fee (generally larger groups) can use some of this fee for a community fund to help members struggling to pay their fuel bills

¹⁴ See <http://bit.ly/xITall> for more information

Green Deal, ECO and RHI

- DECC should set out a long term and consistent policy for the RHI. Its sudden change to the Feed In Tariff in November 2011 undermined industry's confidence in the Government's commitment to the micro-generation sector
- DECC should engage with heating oil suppliers to raise awareness of energy efficiency and fuel poverty policies that could benefit their customers, similar to Calor Gas's FREE project¹⁵
- Options for integrating Green Deal, ECO and the RHI so that they benefit off-grid consumers include:
 - additional uplifts within both the Affordable Warmth and Carbon elements of ECO for renewable heat, including biomass (which is generally suitable for 'healthy adults' but less so for older and disabled consumers), as well as heat pumps
 - combining the future revenue stream from the RHI with ECO subsidy to finance the up-front costs of renewable heat in low income consumers' homes
 - introducing a publicly funded grant system that is integrated with ECO, similar to the current integration of the Welsh Government's NEST scheme and Scottish Government's Energy Assistance Package with CERT
- The market-based nature of the ECO mechanism is likely to undermine geographic equity because suppliers are more likely to target the Carbon obligation (solid wall insulation) at large concentrations of social housing found in urban areas¹⁶. Similarly, suppliers are more likely to target affordable warmth activity on provision of gas heating and simple insulation measures in urban areas, at least in the initial phase of ECO
- The Government should explicitly address 'geographic equity' in setting policy for the delivery of energy efficiency programmes. This might best be achieved through a national, Government-directed energy efficiency scheme that complements Green Deal and ECO, addresses geographic equity and provides measures suitable for off-grid homes
- Funding for the complementary programme could come from the recycling of Emissions Trading Scheme and Carbon Floor Price funds¹⁷, with a particular focus on hard to treat and off-gas homes that cannot easily be helped by Green Deal and ECO

Extending the gas network

- The Ofgem 'fuel poor gas connections' scheme should encourage the connection of heat networks and/or Combined Heat and Power plants to the gas grid
- Gas connections should be treated as allowable measures under Green Deal and ECO

¹⁵ Calor Gas, NEA & Acre (2011), *Future of rural energy (FREE) England*, Year 1 report, Calor Gas

¹⁶ Although there are still substantial barriers to doing this – see ACE (2011), *Scaling the solid wall*, Consumer Focus

¹⁷ Consumer Focus is part of a campaign which calls for the recycling of carbon taxes to boost expenditure on energy efficiency, focusing on the fuel poor. More details of the campaign can be found at:

www.energybillrevolution.org

- Provision of gas central heating to the half million households with a gas supply but without gas heating would represent a ‘quick win’ in terms of the cost effective provision of affordable warmth
- There are around 1.3 million homes in close proximity to the gas network, of which a substantial number could be cost effectively connected to the network. The facilitation of community partnerships with industry to encourage gas extension projects and/or provision of public funds for extension would also increase the availability of affordable warmth¹⁸

Recent research

Consumer Focus Scotland study on renewable heat in the social housing sector¹⁹

This study reviewed the work of Scottish registered social landlords (RSLs) to reduce heating costs in their off-gas properties, in particular, renewable heat technologies. A total of 36 RSLs contributed to an online study to provide an overview of experience. The issues raised were explored in more detail through eight case studies of RSLs and tenants.

Air source heat pumps (ASHP) and solar water heating were by far the most commonly installed measures and biomass boilers the least. Basic energy efficiency measures, such as loft and cavity wall insulation, were generally installed before or with microgeneration. Social landlords were also increasingly installing solid wall insulation.

The main conclusions from the study are that:

- there is growing experience among RSLs of how best to use renewable heat, in both new build and existing homes
- all of the RSLs which have undertaken multiple projects refer to the ‘learning curve’ involved in understanding how to get the best out of the systems. This included specifying technologies and control systems effectively, working with contractors, and ironing out problems promptly. Increasingly, engaging with tenants from an early stage, and supporting them as they learn about their new systems was also recognised as critical to success
- tenants’ experiences echo those of landlords. While satisfaction with new systems is generally high, interviews with tenants highlighted issues around communications and support, particularly in the early stages of projects when landlords and contractors were also learning about new systems
- both landlords and tenants, however, believe the systems do deliver affordable warmth, when properly installed and with appropriate support. There is clear interest among RSLs in developing and delivering more renewable heat projects

While some RSLs reported problems with renewable heating systems, closer examination suggested that these issues related to lack of experience on the part of contractors or landlords themselves. The case study RSLs emphasised that their capacity had been improved over multiple projects, including the support provided to tenants. Some RSLs now have comprehensive support mechanisms in place to ensure tenants get the best from new systems.

¹⁸ Source of data on gas connections: Baker, W (2011), *Off-gas consumers*, Consumer Focus

¹⁹ Changeworks (2012), *Experience of off-gas renewable heat among Scottish social landlords and their tenants*, Consumer Focus Scotland

Ensuring tenants understand how to use a new heating system properly is an integral part of any microgeneration project. It is important to consult tenants as early as possible about proposed changes and select technologies based on tenant characteristics, as well as building characteristics. Providing useful and easy-to-understand guidance on using systems is vital; demonstrations and simple written materials appear to work, but advice often needs to be ongoing or followed-up. Specifying easy-to-understand heating controls is also important. The report emphasises the importance of building in this type of support from the start of the project, not least because, while it represents an additional up-front cost, it is critical to ensure that new systems perform as expected.

In conclusion, the study found that micro-generation, including ASHP, can provide affordable heat but only as part of an integrated package that includes installation of insulation and easy to use heating controls and the provision of tenants' education and on-going advice. These lessons are critical for the wider roll-out of renewable heat.

NEA study on air source heat pumps and affordable warmth²⁰

NEA collected energy and household experience data from 62 households that had ASHP installed in their homes. The study found that the installation of ASHP critically depended on appropriate sizing of ASHPs and radiators, installation of insulation and selection of suitable electricity tariffs. On average, annual savings on fuel costs of 31 per cent were achieved, reducing costs to close to that of the average standard credit dual fuel bill.

Households were either taken out of fuel poverty or their severity of fuel poverty was substantially reduced. Education on use of the new heating systems was critical to ensuring they improved households' access to affordable warmth.

The report concluded that ASHPs can help achieve affordable warmth but this was dependent on such factors as: flow temperatures, tariff selection, correct unit sizing and appropriate advice and guidance on use and control of units. An industry-wide checklist of criteria for ASHP installation in homes occupied by low income households would address this.

NEA recommended that ASHPs are offered as an affordable warmth option in off-gas areas, providing insulation is also installed, consumers moved to suitable electricity tariffs for their heating demand patterns and lifestyles and advice is provided on the correct use of the heating systems.

Conclusion

The above review suggests that there is evidence renewable heat can provide affordable warmth to low income off-grid consumers, providing it is accompanied with improvements to insulation and consumer education. It also suggests that integration of Green Deal and ECO with the RHI, plus the injection of more resources to support expensive measures, can improve the circumstances of off-grid consumers. The next chapter makes detailed recommendations for policy.

²⁰ Stockton, H (2012), *Delivering socially just low carbon solutions – the role of air source heat pumps in reducing energy use and achieving affordable warmth*, NEA

Conclusions and recommendations

Consumers dependent on off-grid fuels to heat their homes have experienced rising and volatile prices over the last few years, particularly for those using heating oil (although LPG still represents the most expensive heating fuel). The structure and nature of the markets are such that policies used in the regulated energy sector to assist consumers, especially vulnerable and low income consumers, cannot be directly translated to off-grid fuels.

In the medium to longer term, substantial energy efficiency improvements (for example solid wall insulation) and installation of renewable heating (for example, air and ground source heat pumps, biomass boilers) have the potential to provide affordable warmth to off-grid consumers. Off-grid consumers will require bespoke packages of energy efficiency and renewable heating measures that are tailored to their circumstances to ensure affordable warmth.

Long term energy efficiency and renewable heating measures are, however, both expensive and not yet well understood by consumers. Accordingly, actions are needed in both the short and long term to help reduce the impact of rising and volatile prices. The following recommendations bring together the conclusions of the GHK review and the evidence reviewed in the previous chapter.

Short term recommendations

Oil suppliers should:

- seek to improve the transparency of price information, independent of any single company, and available to all consumers via phone or internet
- strengthen and extend the existing code of practice for helping vulnerable consumers. The existing code concentrates on services during poor weather, and should be extended to apply all year round, particularly with respect to vulnerable consumers. DECC should provide a strong steer on developing the code
- make sure their customers receive appropriate advice and energy efficiency services throughout the year, linking to existing Government schemes and to Green Deal and ECO programmes when these become available
- offer and promote a range of payment methods, to provide consumers with options of spreading fuel costs throughout the year, where these are not already available
- support and encourage oil clubs that enable consumers to get a better price for their heating oil

The Government should:

- target and prioritise vulnerable off-gas consumers (ie all consumers without gas heating) in any plans to extend the Warm Home Discount
- explore bringing forward the timing of the Winter Fuel Payment for off-grid consumers, so that they can pay for fuel before demand and prices rise in the peak winter period
- build upon the current Ofgem scheme whereby the gas distributors are given incentives to extend the gas network to low income communities. The Government and industry should promote and support community partnerships, for example by providing information and help with legal costs

Medium to long term recommendations

The Government should make sure that current and forthcoming initiatives, including the RHI, the Green Deal and the ECO, are structured to provide an integrated package of support for off-grid consumers. It should also prioritise gas network extension projects.

Green Deal and ECO

- Consumer Focus considers the carbon element of ECO, as well as the affordable warmth element, should focus on low income consumers. ECO should include an additional uplift for renewable heating measures targeted at off-gas consumers
- It is essential renewable heating systems are only installed as part of integrated 'whole house' improvement packages. Companies should therefore deliver appropriate insulation, including solid wall insulation, alongside renewable heat

- Green Deal providers should encourage 'able to pay' off-gas consumers to use Green Deal to cover as much of the up-front costs of renewable heating measures as the golden rule allows. Renewable heating should be provided as part of integrated packages that include substantial improvements to insulation

Renewable Heat Incentive

- The RHI should be targeted at off-gas consumers, either through higher levels of support, or by excluding gas consumers from the RHI
- The RHI should be integrated with ECO so that the two mechanisms work together to pay the up-front installation costs of renewable heat for low income off-gas consumers. This may require using the future RHI revenue stream, alongside ECO subsidy, to fund costs
- Installers of renewable heat should make sure households understand how to use their heating systems effectively – this will often require households to change their behaviour. Consumers may also need reminders and updated advice, for example due to changes in household circumstances

Further funding for off-grid measures

- Consumer Focus advocates the recycling of the forthcoming proceeds from the Emissions Trading System (ETS) auctions and Carbon Floor Price to complement Green Deal, ECO and RHI. In particular, support should focus on measures that provide affordable warmth to low income consumers in hard to treat and off-gas homes
- The Government should oversee an integrated energy efficiency and renewable heat programme that brings together Green Deal, ECO, RHI and the resources released through recycling ETS auction/CFP proceeds
- The integrated programme should include grants for low income consumers, with more extensive packages offered to those in hard to treat and off-gas homes. The grant programme should be integrated with ECO in a similar way to the Welsh Government's and Scottish Government's integration of NEST and Energy Assistance Package respectively with CERT. Both schemes use CERT to provide low cost measures, with Government funding used for the more expensive measures suitable for hard to treat and off-gas homes
- The Government should make sure the integrated programme addresses geographic equity, for example between different regions, nations and urban and rural areas

Gas network extension

- Gas heating remains the most affordable method of heating homes, despite recent price rises. The provision of gas heating to consumers currently without it is often a cost effective means for ensuring affordable warmth
- There are currently around half a million consumers with a gas supply to their home but without gas heating. A large proportion of these consumers are fuel poor. Provision of gas central heating to these consumers would represent a quick 'win' in terms of the cost effective provision of affordable warmth
- There are around 1.3 million homes in close proximity to the gas network, of which a substantial number could be cost effectively connected to the network. Should the Government consider investing in infrastructure to stimulate the economy, it should prioritise gas network extension projects

Annex: Consumer protection legislation, contract terms and typical payment methods in the United Kingdom by fuel type

| Gas and electricity, mains grid | | LPG | Heating oil |
|---------------------------------|--|---|---|
| Regulatory body | Ofgem | No specific regulator | No specific regulator |
| Licenses | Applicants for a licence to supply may specify the type of premises or the area of the premises to be supplied. Ofgem reserves the right not to grant a licence where they believe 'the description or area of the premises to be supplied would artificially exclude vulnerable consumers'. | Outgoing suppliers required not to impose any charges for transferring or removing LPG infrastructure. The supplier is fully responsible not only for the delivery of the LPG, but also for the installation and maintenance of the tank. | Not applicable |
| Prices | <p>Ofgem does not set energy prices. Ofgem states that prices are determined by the suppliers themselves based on their assessment of the wholesale and retail markets.</p> <p>Suppliers offer various tariffs depending on the customer location, duration with the supplier and their chosen method of payment. Tariffs vary considerably by payment method and represent the main area of supplier differentiation.</p> <p>Dual Fuel, Direct Debit and on-line prices, which are cheaper, are available to some customers</p> | <p>Suppliers are fully responsible for setting prices – these often result from negotiation between customers and suppliers, and depend on various other factors such as the customer's location.</p> <p>There are no price controls. The Competition Commission (CC) investigation into the LPG market²¹ argued that competition was constrained. Evidence since the introduction of the CC orders suggests competition has intensified with new entrants, mitigation of switching costs, standardised pricing and 'wake-up' letters at end of contracts to activate consumers.</p> <p>There are indications that prices fluctuate more in the LPG market compared to the grid market. The main cause of fluctuation is the price of propane. Some larger suppliers maintain high stock levels and can therefore mitigate some volatility in the short term.</p> <p>Prices do not vary by payment method, unlike gas and electricity, although the price offered by different suppliers is likely to account for different levels of service (payment methods, no. contracts available, etc.)</p> | <p>Suppliers are fully responsible for setting prices – these often result from negotiation between customers and suppliers, and depend on various other factors such as the customer's location.</p> <p>Prices do not vary by payment method, unlike gas and electricity, and correspond much more directly to spot oil prices on the day of collection/delivery than in the LPG sector.</p> |

²¹ Competition Commission (June 2006), Market Investigation into the Supply of Bulk Liquefied Petroleum Gas for Domestic Use.

| | Gas and electricity, mains grid | LPG | Heating oil |
|-----------------------------------|---|--|--|
| Treatment of vulnerable consumers | <p>Suppliers have an obligation to take all reasonable steps to inform customers of, and to maintain, a Priority Services Register (PSR). This is a list of all customers who are of pensionable age, have a disability or a chronic sickness, where these customers have requested to be added. Benefits include a ban of disconnecting pensioners during winter months and access to free services.²²</p> <p>Suppliers are encouraged to provide debt management and energy efficiency advice to customers if they object to the customer switching for debt reason.</p> | <p>Larger operators are known to offer various payment plans including monthly budget plans to help manage their energy needs. Individual payment and delivery plans are also negotiated on a case-by-case basis. These elements are considered as part of the 'service offer' made to customers, in which case the fuel prices may not be the lowest available.</p> | <p>A voluntary code of practice led by industry exists for energy suppliers to notify local authorities of vulnerable households at highest risk and requires the prioritisation of these households in most need when supplies are limited.</p> |

| | Gas and electricity, mains grid | LPG | Heating oil |
|-------------------|--|---|--|
| Contractual terms | <p>Required to inform customers within 65 days of a price change – customers reserve the right to exit their contracts if dissatisfied with such changes. Contract types²³ include:</p> <ul style="list-style-type: none"> ● rolling contracts – supplied gas and electricity until you decide to cancel ● fixed term contracts – eg one, two year, etc ● dual fuel contracts – gas and electricity from one supplier, often in return for a discount ● deemed contracts – when you move to a new home and automatically take over the contract of the previous tenant or owner | <p>Maximum length of contract is 24 months as of 6 May 2009. Maximum length of notice period of 42 days as of 6 May 2009. Suppliers are required to facilitate switching. If one's contract has any remaining exclusivity period then the contract may provide that some reasonable charges are payable before the contract can be terminated.²⁴ Typical contracts between supplier and customer range (at least) from three to five years. Exit clauses are often included to enable consumers to leave their current supplier when price rises exceed a predefined threshold. This is not an industry wide practice.</p> | <p>No formal contractual terms identified, although some monthly payment plans are known to exist and are increasing popular as they allow consumers to spread the costs over a longer period.</p> |

²³ <http://bit.ly/yMwL3A>

²⁴ <http://bit.ly/ypYjeM>

| | Gas and electricity, mains grid | LPG | Heating oil |
|-------------------------------------|--|--|---|
| Payment Methods (by type of fuels) | Debit Payment Regular Payment Scheme Payment upon receipt of Bills Pre-Payments | Can be purchased either by the cylinder or in bulk, from a variety of sources. However, bulk purchase is cheaper and most bulk suppliers will allow budget schemes to be set up with regular customers. Methods of payment include debit, prepayment, regular payment schemes or on receipt of bills. | Some oil companies offer a payment plan, but the volatility of the price of oil can often work against the householder, with the oil suppliers linking fuel costs to world prices. Some payment methods available to customers: <ul style="list-style-type: none"> • Pay as you go – with cash on receipt of supply, pay online with your order, etc • Fixed monthly Direct Debit payment – method of averaging payment throughout the year |
| Transparency of pricing information | Reasonably transparent as unit price of energy must be provided on bills, however, confusion between tariffs and standing charges can reduce transparency. | Standardised pricing introduced by the CC orders, fuel price and standing charge for tank/maintenance reported separately. Relatively high transparency, prior notification of price increases also common practice | Spot prices usually provided in pence per litre of fuel and therefore transparency usually high, however this changes daily so quotations and price only valid for a limited period |

| | Gas and electricity, mains grid | LPG | Heating oil |
|--|--|--|---|
| <p>Issues of Measurement/ Issue relating to Trading Standards.</p> | <p>Energy companies only have to try to take a meter reading once every two years. Charges for gas and electricity based on:</p> <ul style="list-style-type: none"> ● an estimate of the energy you have used ● a reading taken from the gas or electricity meter for your home <p>This means most bills are likely to be estimated readings. The letters that appear after the meter reading on gas or electricity bill state how the charge was calculated, eg an estimated reading, a reading taken by a meter reader or a customer reading.²⁵</p> | <p>Unlike mains gas or electricity, LPG does not use prepayment meters and does not offer differential pricings which vary by payment method or by size of the delivery.²⁶ LPG is sold at a standard price in each zone of the country.²⁷</p> <p>However, it is possible customers receive different quotes depending on how long they have been with their supplier (and to some extent on their bargaining power).</p> | <p>Unlike mains gas or electricity, heating oil does not use prepayment meters and does not offer differential pricing according to payment method. No issues of measurement: supplied by (re)filling tanks. Normal trading standards regulations apply. There might however be variation in quotations from different suppliers for customers in different location, with different order sizes or with different bargaining powers.</p> <p>Consumers can make some savings by buying oil as part of an oil club. The heating oil trade association argues that small oil clubs work best since there are no advantages to supplying oil to large numbers (different delivery requirements etc).</p> |
| <p>Safety</p> | <p>Free gas safety check is available upon request for PSR customers.</p> | <p>The supplier is fully responsible not only for the delivery of the LPG, but also for the installation and maintenance of the tank.</p> | <p>Not applicable</p> |

²⁵ <http://bit.ly/xG5vge>

²⁶ <http://bit.ly/ypYjeM>

²⁷ Smith, L & Bolton, P (2011), Heating oil, Library of the House of Commons, SN/SC/5806

| | Gas and electricity, mains grid | LPG | Heating oil |
|-------------------------------|---|--|---|
| Energy efficiency obligations | <p>Suppliers are obliged to provide information about the efficient use of gas and electricity, including information about available financial support from government schemes to domestic customers that request it.</p> <p>Suppliers are required by legislation to meet carbon reduction targets by installing energy efficiency measures through the Carbon Emission Reduction Target (CERT) scheme (to be replaced by the Energy company Obligation in 2012). At least 40 per cent of the target must be achieved by providing measures to a priority group of vulnerable and low income consumers.</p> | <p>Benefit from mains electricity grid measures.</p> <p>Suppliers are required to provide basic advice on energy efficiency which most meet by post freely to households. In addition, UKLPG website, currently under development, will include information on energy efficiency providers and technologies available in addition to regular information on suppliers.</p> | <p>Benefit from mains electricity grid measures</p> <p>Suppliers are required to provide basic advice on energy efficiency which most meet by providing a general advice leaflet and through the FPS website. Working with consumer bodies, they have also launched the Oil Save website.</p> |

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