Fixing the foundations

The need for better targeted support for energy consumers

citizens advice

August 2024

Executive summary

Energy affordability no longer dominates headlines as it did when prices were at their peak, and for some households the acute phase of the energy crisis has passed. But millions of households are still struggling, and many are burdened with unsustainable energy debts built up over recent years.

In the first 3 months of 2024, energy was the most common type of issue Citizens Advice helped people with. Looking at our busiest 5 months for energy debt advice since January 2019, 4 of them have been in 2024[1].

To demonstrate the continuing impact of higher energy costs, we commissioned nationally representative polling of adults in Great Britain to understand people's expectations of the coming winter[2].

Our polling found that:

- 7 in every 20 (35%) of energy bill payers said they are concerned about affording the coming winter - that's **equivalent to 9.6 million households.**
- Nearly 1 in 10 (9%), said that they were very concerned about affording their energy bills this winter - **equivalent to 2.45 million households.**

For those struggling most, there's no light at the end of the tunnel. The energy price cap is predicted to rise by around 9% just as the weather gets colder this autumn[3]. This means bills of £1,714 for a typical household - up nearly £150 from the current level.

- If bills rise as predicted from October, half of all bill payers said they would be concerned about paying their energy bills - **equivalent to 14 million households.**
- Nearly a quarter (23%) said they would be very concerned - **that's 6.3 million households.**

If prices increase to this level, millions of people think they could be forced to take drastic actions to pay their energy bills:

- One in four bill payers (25%) - or **6.9 million households** - could be forced to turn off their heating and hot water this winter.
- 7% said they would be forced to skip meals - equivalent to **1.9 million households.**
- 34% said they would have difficulty affording food or other essentials such as their mortgage, rent or childcare - that's **9.4 million households.**

This challenge won't go away quickly. Experts predict that wholesale prices are likely to remain higher than pre-crisis levels for the rest of the decade[4]. And while plans to improve energy efficiency will help, this will take time to deliver.

Executive summary

The new Government has inherited a challenging situation, but it is clear that more support is urgently needed. The most efficient way to provide this is to **reform the Warm Home Discount, to ensure it reaches more households and provides support that is based on their energy needs.**

This could provide discounts of a third of a typical bill (~£580 from October) to low income households with the highest energy needs, with support tapering down for those with lower needs. At predicted prices these lower 'tiers' would all provide more support than the current Warm Home Discount.

This support would have major benefits for people hit hardest by energy costs. Even with energy bills increasing by £150 in October, a tiered Warm Home Discount would prevent an overall increase in households on means-tested benefits who are in a negative budget - where someone's income isn't enough to cover their basic essentials like rent and food. It would also lead to an overall decrease in people in a negative budget compared to today [5].

Targeting support based on energy needs means those who benefit most include households with children, while low-income pensioners with the highest energy bills would also get more support than they currently do[6].

Without reform, energy bill support won't reach those who need it most in the coming years.

The Government recently made changes to limit access to the Winter Fuel Payment and committed to take action to promote take up of Pension Credit for low income pensioners, which is currently under claimed. This could have knock on consequences for the Warm Home Discount - up to 500,000 more pensioners could receive this support if everyone eligible for Pension Credit signs up. This would significantly reduce the amount of support available for working age households, as they have lower priority under the scheme.

Bill support may also be needed to manage the impact of other changes that the Government is considering. The manifesto commitment to reduce standing charges would lower costs for some consumers - but risks increasing them for households with high energy needs. Similarly, steps to support net zero goals, like moving some policy levies from electricity to gas in order to make low carbon heating more affordable, could push up bills for some people who rely on gas and can't easily switch over to electricity. Better targeted support can offset these changes for those families who are unable to manage the impact of these changes.

The risk of harm to energy consumers over the coming winter is mounting - the government must work fast to ensure that effective support is put in place.

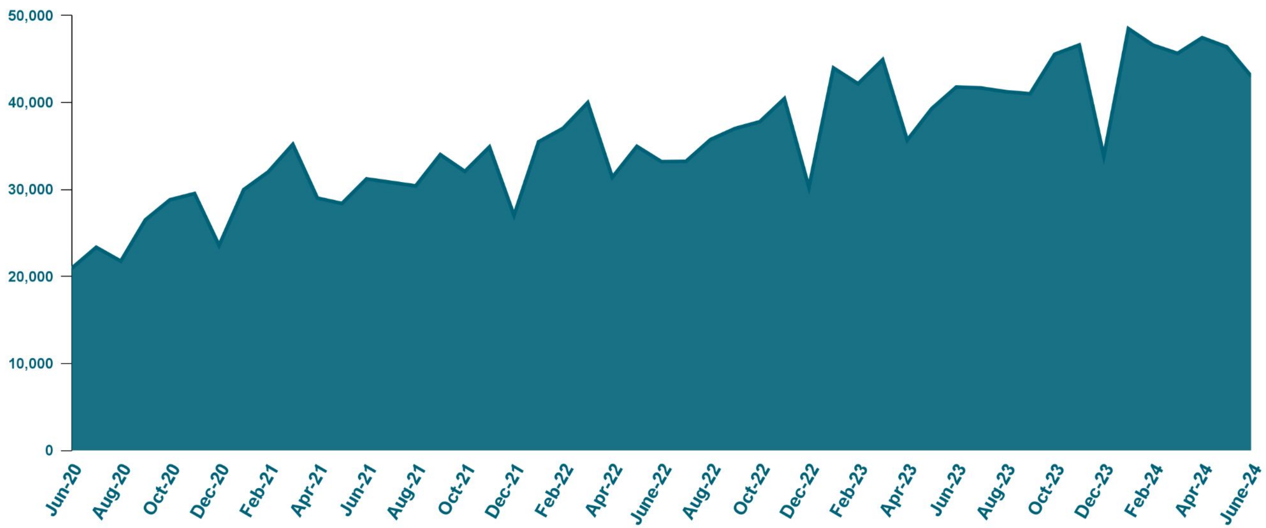
The energy affordability crisis is far from over

Energy debt is at record highs

We're helping record numbers of people with debts - and have seen a particularly sharp rise in energy debt. This is now the most common single type of debt people seek our help about. At the same time, people are building up significant debts: the most recent Ofgem figures put average debts for people without a repayment plan in place at £1,761[6].

We asked respondents to our survey whether they owed money to their energy supplier. 8% of all energy bill payers said that they were in debt to their supplier - this is equivalent to nearly 5 million people across Great Britain living in a household in energy debt.

The number of people we're helping with energy debts each month[7]



Price rises will be unaffordable for many

According to the most recent estimate, annual energy bills for the average household could increase by more than £150 in October, to £1,714. That's 66% higher than historic norms (Summer 2021[8]), while household finances for many are in a worse position than they were 3 years ago.

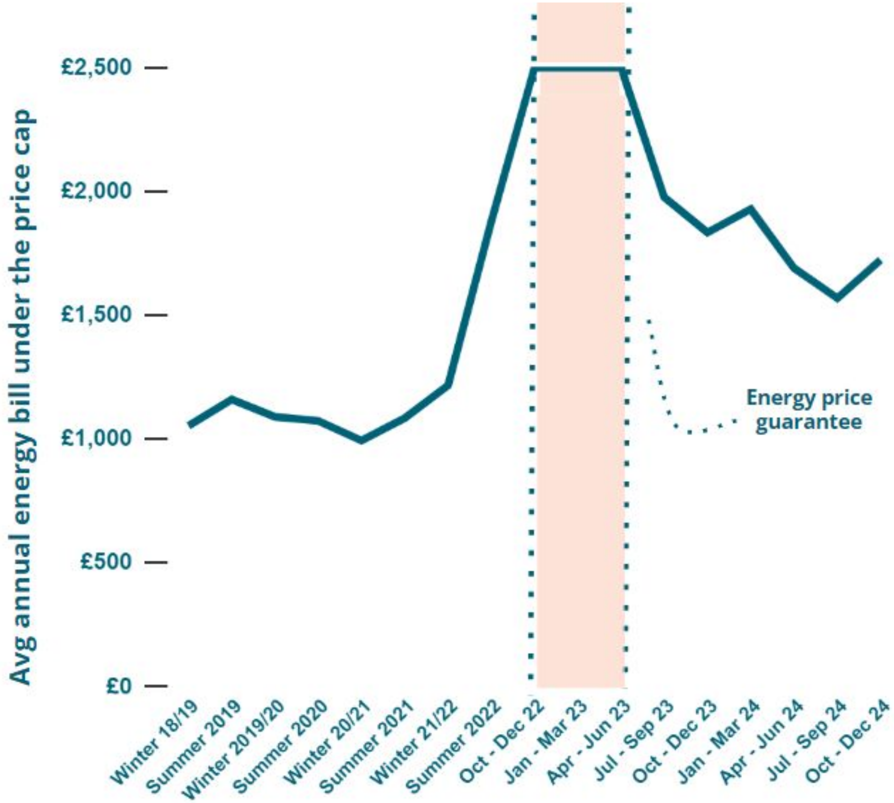
When surveyed, almost a quarter of bill payers (23%) said that they were very concerned that they would not be able to afford these bills. That's an increase of nearly 4 million households - or nearly 9.5 million people - compared to the situation under current prices.

Our National Red Index model draws on a combination of expenditure data from Citizens Advice debt clients, and publicly available income and expenditure data[9]. The Index looks at negative budgets - where even after expert advice, people have more going out than coming in. At the moment, 5 million people are in a negative budget and building up debt to get by. Using this tool we modelled the impact of October's predicted price rise on people's budgets more broadly[10]. We found that an increase of £150 alone would pull nearly 187,000 more people into a negative budget. That's equal to a city the size of Bournemouth.

The energy affordability crisis is far from over

More than 2 and half years on from the start of the energy crisis, the situation is improving for some. Energy bills have fallen from their peak in 2022/23, and are currently at their lowest point since the crisis began. However, they are still much higher than in 2021 - and due to rise again in October. Experts predict that prices will remain above pre-crisis levels, and they continue to be highly vulnerable to volatile external events[11].

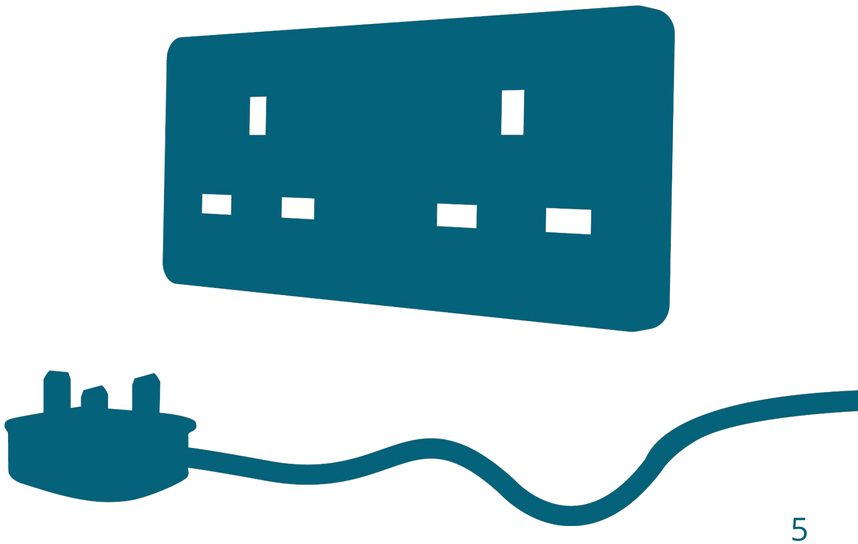
Energy price cap over time



Huge numbers of people with prepay meters can't afford to keep their meter topped up

While Ofgem have introduced much-needed protections aimed at preventing the forced installation of prepayment meters for vulnerable consumers[12] and improving support for customers, we continue to see high numbers of people who are unable to afford to top up their prepayment meters.

By the end of June, our advisors had spoken to more than 18,000 people who couldn't afford to top up their prepayment meter. While this is slightly lower than at the same point in 2023, it's more than 40% higher than 2022, and higher than the same period of all of the 4 years leading up 2022 combined[13].



The energy affordability crisis is far from over

Tough winters are the new normal

Energy prices started to climb in late 2021, and have remained far above historic levels since then. This is at the same time as the cost-of-living crisis has increased pressure across household budgets. General inflation (as measured by the Consumer Prices Index) is returning to target levels, while energy prices have fallen below their peak in winter 2022/23.

While lower inflation is a positive trend, this doesn't mean that prices will fall, just that they remain high and will rise more slowly. Energy prices are still far above historic norms, and are set to rise again in October and are likely to stay high throughout the winter. Long-term stress on people's budgets mean that for many the ability to afford their ongoing essentials is as bad as it's ever been. We are supporting more people than ever before with energy affordability issues, and these issues no longer fluctuate seasonally as they used to[14].

Experts predict that energy prices will not return to pre-2022 levels until the late 2030s[15]. Nearly 1 in 3 (32%) people we asked said that they would struggle to pay for their ongoing essentials if prices remained this high for the next 5 years - equating to nearly 8.9 million households.

Even if energy bills returned to historic norms, long-term damage to household finances would mean that many people will continue to struggle. Using our National Red Index model, we modelled the impact if energy prices returned to historic norms (£1,221 for an average bill[16]). If this happened, 1.5 million more people would still be in a negative budget than before prices started to climb.

Government plans to increase renewable energy generation and improve energy efficiency should help to bring bills down over time. However these reforms have long lead times and won't all have an immediate impact.

Act sooner rather than later to improve targeting of support

During the energy crisis the Government was forced to offer universal emergency support through schemes like Energy Price Guarantee (EPG) and Energy Bill Support Scheme (EBSS). While these helped meet people's urgent needs, they were also very expensive, with an overall cost of around £42 billion[17].

Energy prices are predicted to remain high in coming years and highly sensitive to changing external events. Better targeted support can be more responsive to people's needs and more efficient - avoiding the need for more universal support if energy prices rise significantly in future.

The crisis continues to affect some groups worse than others

While most people have been affected by rising energy prices and continue to be concerned about their impact going forward, the crisis has not affected all households equally.

Households with children

Households with children are significantly more likely to be in debt to a supplier than households without. More than 14% of the households we surveyed with children under 18 reported that they were in debt, compared to 6% of households without. That's close to more than 2 million children living in households with energy debt.

Looking back to last winter, households with children were significantly more likely than those without to have found it difficult to afford to heat their homes. While 73% of respondents without children felt they could do so, only 60% of those with children felt the same.

This was worst in households with a child under 5 years old where only 58% felt they could comfortably heat their home. Ofgem has previously outlined the specific health risks to young children of living in a cold home. For example, they cite the fact that babies need more calories for growth if they live in a cold home[18].

Households with children are also far more likely to be concerned about their ability to pay for their energy in future years. 42% of people with children aged 18 or under said that if energy prices remained at their current level it would impact their ability to afford essentials, compared to 28% of those without children. If bills increase in October to £1,714, nearly 6 in 10 (58%) people in households with children are concerned about their ability to pay their bills, compared to 48% of people without children.

Sarah, January 2024

Sarah[19] uses a prepayment meter. She recently lost her job and her sole income comes from Universal Credit and Child Benefit. She has two young children with serious health conditions, and has faced further costs related to her son's health. The credit for her prepayment meter has run out and she doesn't have any money to top it up until she gets paid in 2 days time. Her supplier has refused her additional emergency credit, and after coming to Citizens Advice for support she has been referred for fuel and food bank vouchers.

The crisis continues to affect some groups worse than others

Low-income households

Low-income households are also more likely to struggle with their energy bills. 45% of people on a low income said that they were concerned about their ability to afford their essentials if energy prices remain at roughly the same level, compared to 32% of people across the population as a whole[20].

If energy bills increase to £1,714 in October, more than 6 in 10 (63%) households with a lower income were concerned about their ability to afford their energy bills, compared to 5 in 10 (50%) in the broader population.

Fatima, December 2023

Fatima[21] is a single mother and lives with her 7 year old son. Her main income is Universal Credit, although this has recently been reduced due to a sanction. Fatima used to receive Child Benefit for her son, although this has been stopped due to an overpayment for her now adult daughter. She now owes over £3,000 to her energy supplier and over £400 to her housing association. Her supplier is currently taking £6 a week to pay her energy debt. Fatima is struggling with her mental health, which has been exacerbated by her financial situation. She is extremely concerned about paying for her heating over the winter.

We need a better approach to support people with their energy bills

The most straightforward way to improve support is through reforms to the existing Warm Home Discount (WHD) scheme.

The scheme already provides £150 off energy bills for:

- 0.95m recipients of Pension Credit Guarantee Credit across Great Britain who automatically receive support
- 2.2m households on means tested benefits in England and Wales who automatically receive support if their energy needs exceed a certain 'high costs' threshold
- 170,000 working age households in Scotland, who have to apply to their supplier for support on a first-come, first-served basis.

The current WHD scheme is tried and tested - but the amount of support it currently provides falls far short of what's needed to help people who are struggling most.

The scheme has never been set at a level which is based on an assessment of consumer need, and the level has rarely been uprated to reflect rising costs. In 2014 it was worth 12.5% of the average bill, but now only makes up just over 8%.

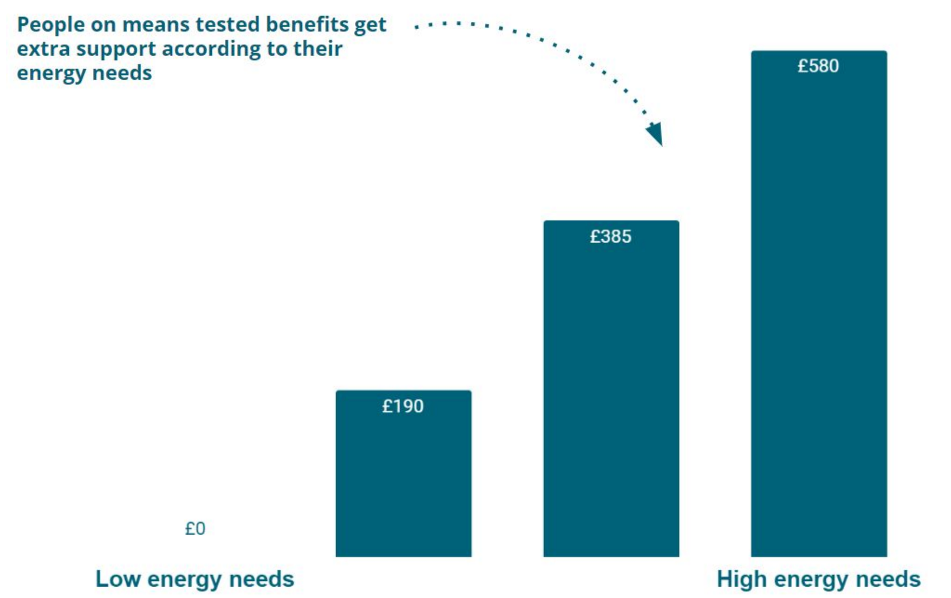
It also doesn't reach enough people - around 4.5 million households on means-tested benefits don't receive WHD.

How we think the WHD scheme needs to change

The scheme should be expanded so that it reaches more households on eligible benefits[22], and designed to provide differential support based on a consumer's energy needs.

This 'tiered WHD' would use the existing WHD mechanism to allocate support according to multiple cost thresholds. Households on eligible benefits with costs above the highest threshold get a higher payment - with decreasing levels of support for those with lower energy needs. This would expand support and avoid steep cliff edges for households that fall into different thresholds.

How a tiered WHD scheme could work



We need a better approach to support people with their energy bills

Who would benefit from these changes?

Our proposal divides households on eligible means tested into quartiles based on energy costs. This would mean an **additional 2.5 million households on low incomes would receive support** compared to the current WHD scheme.

Tailoring support to energy costs should also ensure the scheme is better at targeting households who are in fuel poverty.

As this approach provides a higher payment to those with higher energy costs **we expect low income households with dependent children to be more likely to benefit**[23].

Delivering tailored support would mean assessing the energy needs of people who automatically receive WHD as a result of claiming Pension Credit Guarantee Credit.

Low income pensioners with higher energy needs would get more support than they currently do, but some pensioners could lose out - and in general this group is less likely to be in fuel poverty than other WHD recipients. To protect current recipients who are used to receiving support from missing out the scheme could continue to guarantee at least £150 for these households on a temporary or permanent basis.

How is support delivered?

Our approach sets the support for the highest tier at a third of a typical bill. Previous Citizens Advice research identified this level of discount as being supported by the public while being feasible and having a meaningful impact[24].

It is provided as a discount to the overall energy bill over the autumn and winter months. This means households can still benefit from changing tariff or using energy more efficiently, and gives them help at the time of year when they need it most.

Experts predict that energy prices will remain volatile over the coming years. To ensure that support tracks energy costs, the level of support provided should be reviewed annually, based on expected bills over the coming winter.

Alongside bill support, energy efficiency will be vital to sustainably reduce bills for the long term. The Government has said its Warm Homes Plan will bring all homes up to EPC standard C within a decade[25]. As average household energy costs fall as a result of energy efficiency, the amount of support offered by the tiered WHD could also fall.

Scotland already has a different process for providing WHD, and applying a tiered approach would be more complex, but an equivalent increase in funding could be made available.

We need a better approach to support people with their energy bills

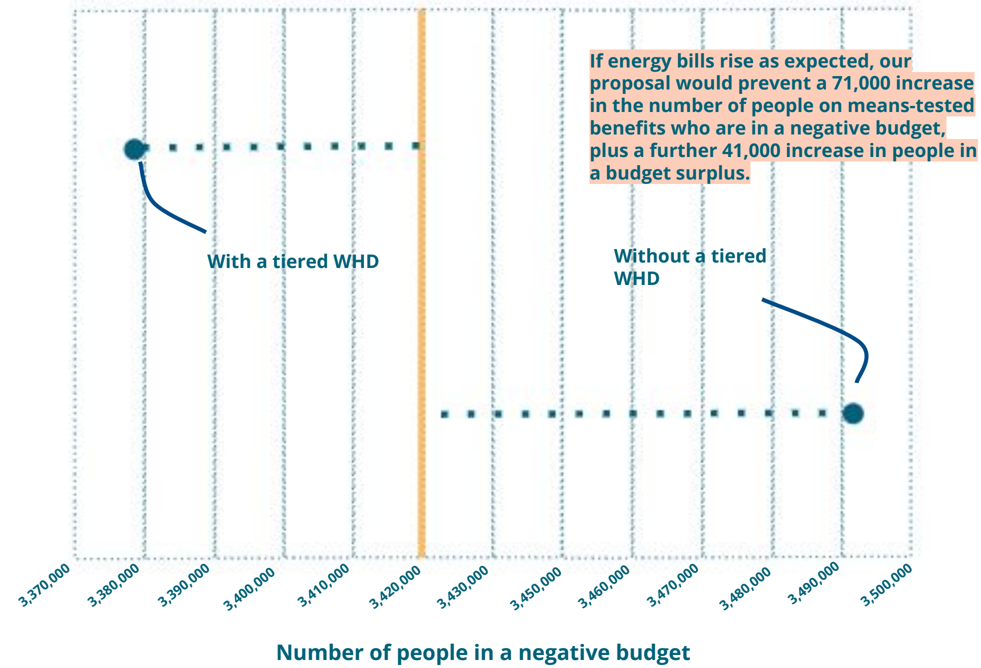
The impact of this support for individuals would be significant - almost £100 a month off bills for those with the highest energy needs.

To understand the broader benefits we modelled the impact of a tiered WHD on the monthly average budget over the winter months (Oct-March) for people who come to us for debt advice:

When prices rise this October[26], **average personal budget deficits for Citizens Advice debt clients will be £24.41[27].**

Our proposed support model **would lead to an average personal budget surplus across our debt clients of £1.28.**

The impact of a tiered WHD on people in receipt of means-tested benefits



We can also scale up our data to understand the likely impact for the population as a whole - a tool we call the National Red Index[28].

This shows that if prices rise by 9% as predicted, thousands of people on means-tested benefits would be dragged into a negative budget.

However, if our tiered WHD were in place, not only would this be avoided, but there would be an increase in the number of people on these benefits who are in a budget surplus.

How could support be funded?

A targeted approach to bill support would be significantly less expensive than previous broader schemes.

If prices increase as expected in October, our proposal would cost around £1.8 billion, in addition to existing spending on the WHD (£450 million) which is funded through energy bills (~ £19/year per household)[29]. Making the rebates less generous, or restricting them to fewer people, would reduce the overall cost, but also reduce the benefits.

Funding support of this scale solely through an additional cost on energy bills alone is not desirable. It would add over £60 to the average bill, putting more pressure on households who don't receive support. Funding through general taxation is the least regressive approach, but the scope for this is limited by the government's fiscal rules.

Funding could come from reducing other costs

The government has already made the decision to means-test the Winter Fuel Payment (WFP) going forward, by limiting it to pensioners who receive Pension Credit. The government estimates that this could result in savings of up to £1.4bn[30]. A portion of the savings from the changes to the WFP could be redirected to funding targeted bill support.

Savings could also be made in some legacy renewable energy schemes which are funded via energy bills:

- The previous government had already considered options that could reduce the cost of the Renewables Obligation scheme, which currently adds ~£70 to average bills[31].
- The Feed in Tariff scheme adds ~£19 to average bills. Beneficiaries of this scheme have made windfall gains in recent years as a result of energy prices being much higher than they expected when they made their investments. Steps to reduce standing charges could give them further windfall gains.

While complex to deliver, savings in these schemes could be redirected to contribute towards targeted bill support, while not increasing bills overall.

Support should reduce the cost of bad debt

The cost of support would be somewhat offset by reducing bad debt, which has now reached over £3bn for all energy consumers. The cost of this is recovered through bill prices, including an allowance in the price cap.

Over time, bill support would mean more customers are able to afford their bills and avoid falling into debt. Other changes like improving funding for independent debt support could further reduce bad debt costs.

How bill support could support net zero and enable standing charge reform

The Labour party stood on a manifesto which committed to reducing the fixed standing charges on our bills.

This would improve energy affordability for lower energy users, for whom they make up a larger proportion of the bill. However, to the extent that this reform is enabled by moving costs into unit rates, it will also increase bills for higher energy users.

The effect would be particularly pronounced for higher electricity users, as electricity standing charges are currently higher than those for gas[32]. We've previously raised concerns that this would lead to:

- higher costs for people with traditional electric storage heating (who are more likely to be on lower incomes) and people with energy intensive medical equipment.
- higher costs for people with heat pumps and who charge EVs at home, making it harder for people to make low carbon choices.
- lower costs for people who can reduce their electricity usage with solar panels and batteries, who are more likely to be affluent.

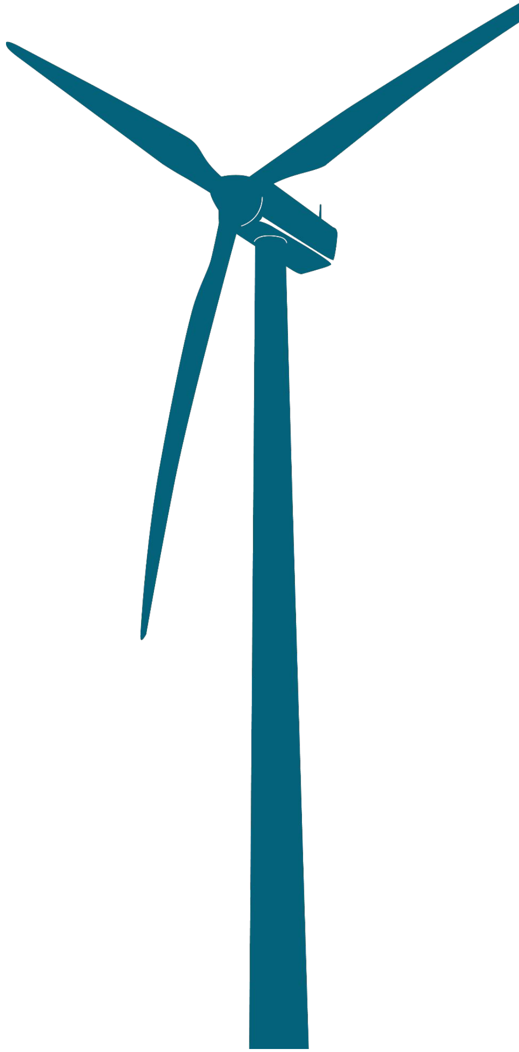
These impacts need to be carefully managed to make sure that outcomes are fair.

Some of the increases on electricity could be offset by moving some costs to gas bills, so that bills rise by a similar amount for higher users of both fuels[33]. This is possible by 'rebalancing' some policy costs, which currently fall more heavily on electricity than gas.

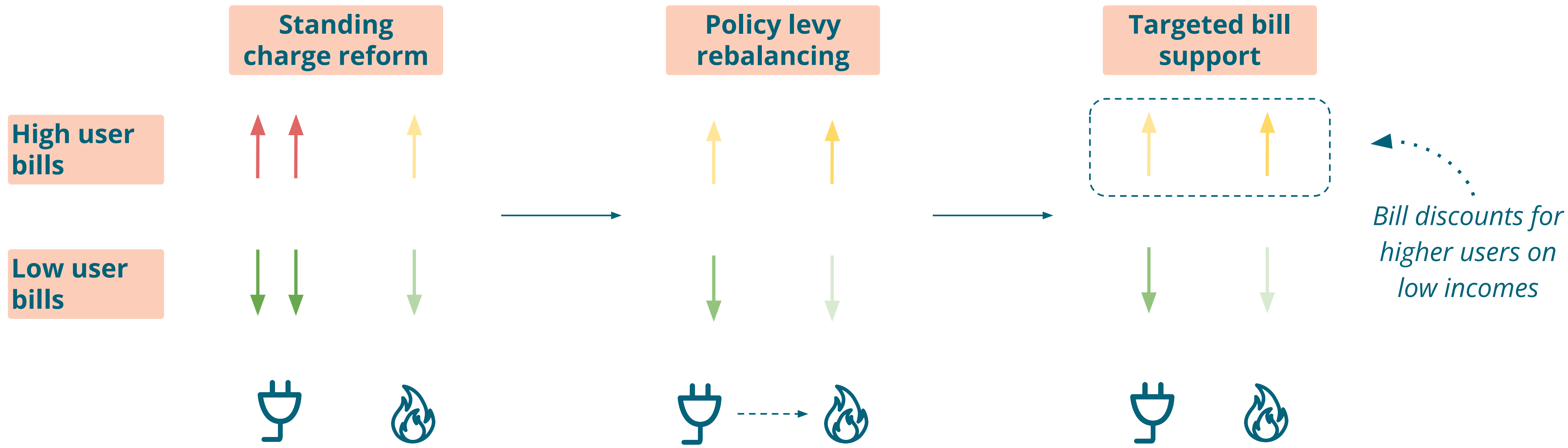
To support net zero goals the Government has previously considered a more significant movement of levies from electricity to gas. This would remove some of the penalties that people with electric heating face, but would mean some people with gas heating pay more.

The design of targeted bill support can be adapted to protect people on lower incomes from the impact of these changes.

The level of support for higher energy users may need to be higher than we've currently proposed, while people with lower usage would benefit from lower costs as a result of lower standing charges and may need less support.



How a tiered WHD could enable standing charge reform and support net zero



	Costs moved from standing charges to unit rates	***Some policy costs moved from electricity to gas***	***Tiered Warm Home Discount targets higher energy users***
Impacts	• Electricity unit rates rise more than gas, as electricity standing charges are currently higher	• Ensures costs are shared more fairly between electricity and gas • Moving more policy costs would support net zero	• Targeting and support levels in a tiered WHD can be easily adjusted to protect people on low incomes who lose out from the combined effect of these changes
Risks	• People with electric storage heaters lose out, and makes heat pumps and EVs less attractive	• Higher users of both fuels lose out by more moderate amount - including some on low incomes	

What other support is needed?

Energy debts have hit record highs and are continuing to rise. These debts not only cause significant hardship for individual households, but also lead to higher bills for other customers. Many people struggling with energy debt are also managing debts in other areas, like council tax or other utilities.

Independent debt advice can help consumers find sustainable solutions across all their debts - but these services are unable to meet the demand driven by rising energy costs.

We've called for additional funding for debt advice of £22 million annually which, when fully scaled, will cost approximately 42p on bills[34] and could put in place much better support, integrated within the existing energy advice framework.

The current way that debt costs are allocated means that all suppliers are funded through the price cap and are allowed to recover the same costs for debt, even though these vary widely between firms. Addressing this could ensure all consumers pay a fairer share of these costs, and enable a reduction in the level of the price cap as a result[35].

Energy efficiency is also vital to sustainably reduce bills for the long term, and can be an important source of support for people who don't qualify for targeted bill support. Stricter Minimum Energy Efficiency Standards for landlords are vital, while the Government's Warm Homes Plan should aim to improve the delivery and targeting of schemes like Energy Company Obligation (ECO) and the Great British Insulation Scheme (GBIS).

Improving data quality and data matching could enable improvements to the targeting of various schemes - including bill support - and should be a priority for the Government. This could include:

- Improvements to data on household income to improve targeting for a wider low income cohort of households.
- Improvements to data on the energy efficiency of properties, to improve targeting based on energy needs.

No schemes can reach all households that need support. Discretionary support is also important for those who aren't eligible but are struggling or in emergency situations. Schemes like Warm Home Discount industry initiative, the Household Support Fund, energy grants, and fuel vouchers all play an important role in reaching those who need more help.

What other support is needed?

Changes to Winter Fuel Payment could impact the Warm Home Discount

The Government recently announced changes to the Winter Fuel Payment (WFP). This scheme previously provided an annual cash payment of up to £300 to most pensioner households. However, from this winter it will be restricted to those in receipt of Pension Credit - a benefit that supports pensioners with a low income.

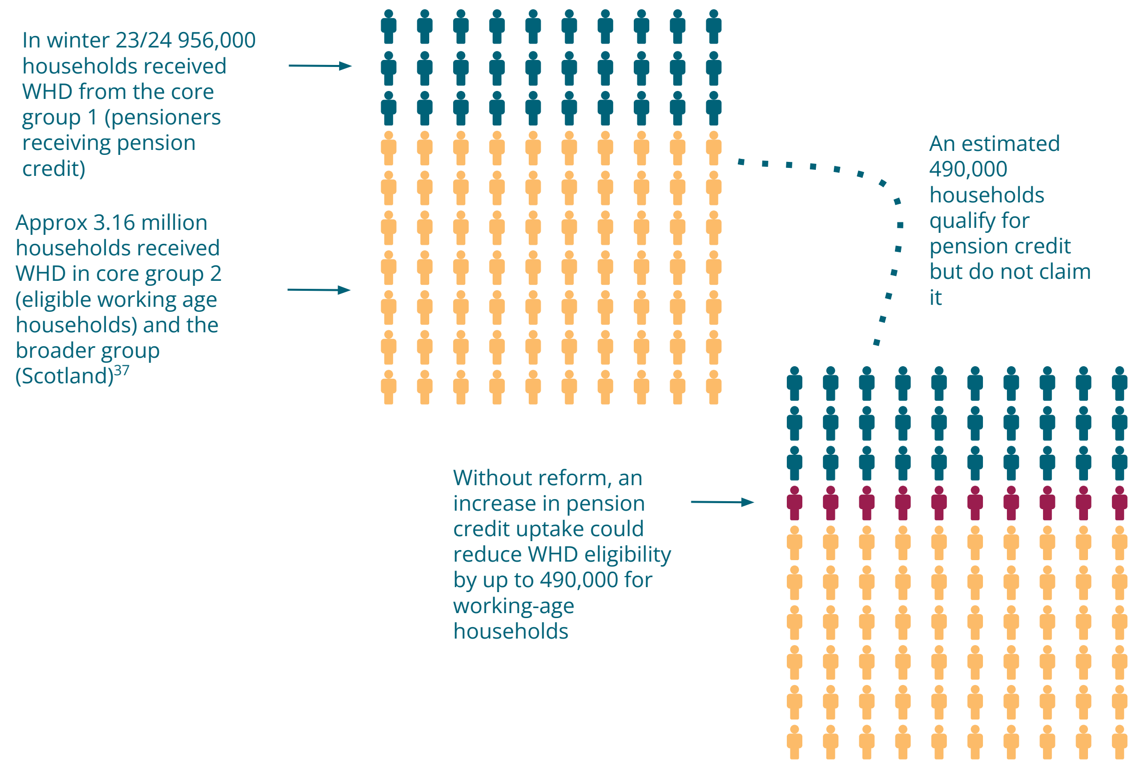
Winter Fuel Payment was not well targeted, giving funding to many pensioners who didn't need it, and the level of the payment had not been uprated for over 20 years, so it was not generous enough for those who really relied on it to get by.

However, there's a risk that some pensioners will fall through the cracks. This is because an estimated 800,000 pensioners, who are eligible for Pension Credit, don't currently claim.

It's vital that the Government takes action to ensure that as many eligible pensioners are able to take up Pension Credit, and maintain their access to Winter Fuel Payment. Energy suppliers will also need to ensure that people who just miss out on Pension Credit but find themselves struggling with their energy bills can access appropriate support.

These changes could also impact eligibility for the WHD. People who receive the Pension Credit Guarantee Credit will automatically receive the WHD. However, because the overall WHD budget is fixed, this could lead to fewer rebates being provided to working age families.

It's estimated that 490,000 households currently aren't claiming the the Guaranteed Credit element of Pension[36]. If efforts to promote Pension Credit take up are successful, nearly half a million low income working age households could miss out on support from Winter 25/26. This makes it even more urgent to reform the WHD so that struggling families don't lose out.



Conclusions and recommendations

It's clear that for many households energy affordability remains a daily concern. Prices are set to rise in October, with the potential to push millions more into hardship, making better targeted support essential by this winter. With energy debts at record levels and energy prices forecast to remain high in the longer term, better targeted and cost-effective support is needed going forward.

The Government's plans to bring more renewables online and improve the energy efficiency of homes should help to bring costs down in the longer-term. Market reforms could also help to make bills more affordable, and rebalance costs in a way that facilitates the transition to net zero. However, the full value of these changes will take some time to bring consumer bills down, and could see some people lose out. Targeted bill support would be a cost-effective way of supporting people and ensuring an equitable transition.

This support should build on the existing Warm Home Discount scheme. A tiered approach would use the existing scheme, but provide more tailored support based on people's energy needs, and reach more people on low incomes. These changes may not be possible by this winter, so a temporary increase to payments for existing recipients would be the best temporary support ahead of a better targeted scheme in future years. Improving data quality and data matching could enable improvements to the targeting of various schemes in the future - including bill support - and should be a priority for the Government.

Millions of people are worried about the impact of rising energy bills, and may have to take drastic action if support isn't forthcoming. We need to start laying the right foundations to support people this winter and into the future. They can't afford to wait.

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4. Cornwall Insight (2023) New forecast warns power prices to remain elevated until late 2030s
5. This modelling uses the Citizens Advice National Red Index monitoring tool. You can find out more about the methodology used in the tool at our website here. Our tiered WHD discount proposal is designed to provide up to a third of an average bill to people on means-tested benefits with the highest energy costs. The most recent price cap estimate of £1,714 for an average household £9 lower than the estimate when this modelling was conducted.
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10. This modelling uses the Citizens Advice National Red Index monitoring tool. You can find out more about the methodology used in the tool at our website here. Our tiered WHD discount proposal is designed to provide up to a third of an average bill to people on means-tested benefits with the highest energy costs. Modelling based on a 10% increase in energy bills in October, with an inflation rate of 2.69% which accounts for a 4.9% weighting for energy (as estimated by the ONS). The modelling also corrects for an under estimation of households in the Living Cost and Food Survey at a factor of 1.029229. The most recent price cap estimate of £1,714 for an average household £9 lower than the estimate when this modelling was conducted.
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20. Low income refers to a household income under £21,000
21. Names have been changed to protect anonymity
22. The qualifying means-tested benefits are: Housing Benefit, income-related Employment and Support Allowance (ESA), income-based Jobseeker's Allowance (JSA), Income Support, the 'Savings Credit' part of Pension Credit, Universal Credit. You could also qualify if your household income falls below a certain threshold and you get either Child Tax Credit or Working Tax Credit. More information on eligibility can be found at the government website.
23. Department for Energy Security & Net Zero (2024) Warm Home Discount statistics, 2023 to 2024
24. Citizens Advice (2023) Fairer, warmer, cheaper: new energy bill support policies to support British households in an age of high prices
25. Labour Party (2024) Labour Party Manifesto
26. Note: The price cap is predicted to increase to £1,714 from October.
27. Targeting applied based on Citizens Advice debt client's benefit status and energy usage (excluding debt repayments), and assumes that our client's energy usage is distributed in line with that of the wider benefits population. The modelling is based on our most recently available data for Citizens Advice debt clients, and projected across the winter months (Oct-March). The benefit of the tiered WHD has been applied equally across these months.
28. Citizens Advice (2024) The National Red Index: how to turn the tide on falling living standards
29. Citizens Advice (2024) Shock Proof
30. The Guardian (2024) Reeves scraps social care cap and some winter fuel payments to plug '£22bn hole'
31. DESNZ (2023) Introducing Fixed Price Certificates into Renewables Obligation schemes: call for evidence
32. Ofgem analysis shows that reducing standing charges by 50% and reallocating these costs to unit rates would increase electricity bills by ~ £45/year for 1.2m low income households, while reducing them by ~£22/year for 5.5m low income households. The equivalent action for gas would increase bills by 50p/year for 1.8m low income households, and decrease them by ~£13/year for 3.7m low income households.
33. Key policy levies (Renewables Obligation, Feed-In Tariff, ECO and WHD) currently add around £123 to electricity bills and around £30 a year to gas bills for a typical dual fuel customer (Citizens Advice, 2023, Balancing Act).
34. Subject to assumptions made in the modelling such as scale, mobilisation timeframe and start date
35. Citizens Advice (2024) Citizens Advice response to Ofgem's call for input on affordability and debt in the domestic retail market
36. Department for Work and Pensions (2023) Income-related benefits: estimates of take-up: financial year ending 2022
37. Department for Energy Security & Net Zero (2024) Warm Home Discount statistics, 2023 to 2024. Note for figures for Scottish broader group refer to Winter 2022/23.

Citizens Advice helps people find a way forward.

We provide free, confidential and independent advice to help people overcome their problems. We're a voice for our clients and consumers on the issues that matter to them.

We value diversity, champion equality, and challenge discrimination and harassment.

We're here for everyone.

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