

Jane Davidson AC/AM

Y Gweinidog dros yr Amgylchedd, Cynaliadwyedd a Thai  
Minister for Environment, Sustainability and Housing



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

Eich cyf/Your ref  
Ein cyf/Our ref JD/06234/09

Nuria Zolle

Nuria.zolle@nea.org.uk

11 November 2009

*Dear Nuria,*

Thank you for your email of the 2 November concerning the Fuel Poverty Charter and the calls made on the Welsh Assembly Government to eradicate fuel poverty. I would like to thank you for inviting me to be involved in the launch of the Fuel Poverty Charter and I welcome the aims of the Charter.

The Welsh Assembly Government has just released its draft Fuel Poverty Strategy for consultation, and I hope you will agree the strategy goes some way to addressing the calls the Coalition is making.

The new strategy sets out our plan to radically change the Home Energy Efficiency Scheme. Under the proposed new scheme we will be offering a whole house approach to tackling fuel poverty. The whole house approach will mean offering vulnerable householders who are in the most inefficient properties high cost measures to improve the energy efficiency of their homes. Under the new scheme applicants will be offered measures such as external insulation, replacement of inefficient boilers and renewable technology such as Air Source Heat Pumps.

In addition to the whole house measures we will continue to fund insulation measures as part of the partial grant and we will be looking to ensure that we maximise referrals to energy company CERT programmes to ensure that our funding goes as far as possible.

It is proposed that the new HEES programme will be managed via a central hub that will receive referrals from local agencies as well as applications from individual households. The central hub will be able to offer advice to all callers on how to make their homes more energy efficient and also refer the applications to other advice agencies to provide advice on areas, such as benefit entitlement.

Working with partners, we have developed a major programme (*Arbed - Strategic Energy Performance Investment Programme*) to improve the energy performance of homes in communities across Wales. Investment under the programme will be focused on low income and fuel poor households in the Strategic Regeneration Areas across Wales. The Assembly Government will invest at least £30 million in area based energy efficiency improvements and low or zero carbon energy generation technologies before the end of

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2011. We are also developing a significant EU Structural Funds programme to improve energy performance building on the Arbed programme.

Arbed will seek to maximise additional sources of funding wherever possible. For example, we hope to be able to use our £30 million investment in area based home energy improvements to secure energy company investments through the Community Energy Saving Programme (CESP). We expect that around 12,000 to 15,000 households may receive energy performance improvement packages as part of these area based programmes.

Fuel Poverty is embedded in the work of the Cross Departmental Group on Poverty, which includes representatives of all key Departments across the Assembly Government. This will ensure that fuel poverty is addressed across Assembly Government departments and will be integrated with other strands of poverty.

Estimates of the level of fuel poverty in Wales in 2008 will be published in 2010. This data will help us to understand how improvements in energy efficiency, increases in fuel prices and changes in incomes have impacted on fuel poverty including whether there have been any significant changes in distribution across the population of Wales.

The Assembly Government will work with partners to develop a Monitoring and Evaluation Plan which will cover:

- Progress towards the Assembly Government's statutory targets for 2010, 2012 and 2018;
- Interim activity targets and results measures which will provide an annual picture of progress in tackling fuel poverty;
- Reporting arrangements, including an annual report;
- Process reviews; and
- Evaluation of HEES and its successor (direct Assembly Government grants and wider scheme).

Information to be included in our future monitoring and evaluation will include:

- Number of households in fuel poverty
- Severity of fuel poverty
- Energy performance of properties
- Greenhouse gas emission reductions (including contribution towards 3% target)
- Household fuel spending (including before and after HEES measures)

The National Energy Efficiency and Savings Plan consultation document suggested that one option was to work with credit unions to offer loan packages that are designed in such a way that loan repayments are less than savings on energy bills. Although respondents were supportive of the concept, a number of issues were raised including the capacity of Credit Unions to provide this type of service across Wales, and concern that some fuel poor householders (especially older people) might be reluctant to put themselves into debt.

The Assembly Government will continue to explore the potential to work with Credit Unions and other financial institutions to help people pay for energy efficiency improvements in Wales.

Finding appropriate financing models is an area which the UK Government is currently placing significant emphasis on, particularly in respect to larger and more expensive improvements. We will work with the UK Government, and put our own mechanisms in

place where necessary, to ensure that a range of loan options and sizes are available to householders in Wales.

Yous,

A handwritten signature in black ink, appearing to read 'Jane Davidson', written in a cursive style.

**Jane Davidson AM**

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