

Press release: Households with smaller energy suppliers to benefit from £140 Warm Home Discount on their energy bills

- more smaller energy suppliers will be required to give vulnerable customers, including pensioners, £140 off their winter bills
- energy suppliers with 150,000 customer accounts or more will be obliged to offer the Warm Home Discount
- having more energy suppliers in the £340 million scheme will increase consumer choice and improve switching for vulnerable customers as part of government plans to eradicate fuel poverty

Plans to ensure more of the smaller energy suppliers are obliged to help vulnerable customers under one of the government's flagship schemes to tackle fuel poverty, were outlined today (Friday 15 June) by the Minister for Energy and Clean Growth Claire Perry, following a [consultation](#).

In a move to bring greater fairness to energy prices, lowering the threshold for suppliers to participate in the scheme will mean that 97% of the consumer energy market will be covered. Low income and vulnerable households who get their energy from smaller suppliers will become eligible for the [Warm Home Discount](#), making bills more affordable for around 20,000 more pensioners in 2019/20, and an additional 10,000 pensioners in 2020/21, if the eligibility criteria were to continue in its current form. Extending the eligibility also makes it easier for customers to compare like for like when considering switching.

A stepped approach of lowering the criteria from 250,000 down to 150,000 customer accounts between 2019 and 2021 will ensure that smaller suppliers have enough time to put the right processes in place to take part in the scheme, and reflects the increasing maturity of challengers in the energy retail market.

To reflect this trend, the threshold will be reviewed after 2021 where it could continue to fall, potentially to zero or a small minimum, delivering a level playing field for energy suppliers.

Energy and Clean Growth Minister Claire Perry said:

Tackling fuel poverty is a key priority for this government. Everyone who is automatically eligible for the £140 discount on their energy bills each winter should be able to get it. It shouldn't be dependent on which energy supplier they are with, so we want change that.

This is why, as part of our commitment to create an energy market

that works for everyone, we are lowering the threshold so more smaller suppliers will be able to offer this lifeline discount to their customers who most need it.

Clean and affordable energy is a central aim of our modern Industrial Strategy, building a Britain fit for the future, creating better, higher-paying jobs in every part of the UK.

The Warm Home Discount provides £140 off winter fuel bills each year. It helps around 2.2 million customers who struggle to meet their energy costs during the coldest months.

Some vulnerable customers are provided with this rebate automatically through data matching. The government intends to further consult on this scheme so that with better data matching, all eligible low-income households are identified to automatically get the discount, rather than having to apply to their suppliers to get it.

Reforming and extending policies on fuel poverty are a key part of the government's commitment to protect low income vulnerable consumers. As outlined in the Industrial Strategy, this includes a recent consultation on changes to the government's energy efficiency scheme to ensure that nearly a million more low-income households are set to benefit from innovative energy saving measures.

A Bill is also currently progressing through Parliament to cap poor value standard variable and default tariffs for 11 million households. This temporary cap will protect consumers, including vulnerable consumers, until effective competition and an energy market that works for everyone is in place.

Ofgem also extended its Safeguard Tariff Cap on pre-payment meter tariffs to protect a further 1 million vulnerable households, bringing the total protected to 5 million households this winter.

1. The Warm Home Discount scheme was launched in April 2011 and has provided assistance with energy costs to over 2 million low income and vulnerable households in Great Britain each year. Since its launch, the scheme has provided over £2 billion of direct assistance to low income and fuel poor households.
2. The government response to the Warm Home Discount consultation states that the threshold for energy suppliers' participation in the scheme will remain at 250,000 customer accounts this winter. This will be lowered in future years to 200,000 customer accounts in 2019/20 and 150,000 customer accounts in 2020/21. The threshold will be reduced in a phased way to allow smaller suppliers time to prepare while setting a clear signal to the energy retail market.
3. As the spending envelope for the scheme is fixed, lowering the threshold will not mean more low income and vulnerable customers benefitting from the rebate overall, but more suppliers will be obliged to make it available and costs will be spread across more customers.

4. Only the threshold for the core group of the Warm Home Discount scheme will be reduced. This involves automatic rebates through data matching. If the scheme is reformed in 2019/20 to be fully based on consumers automatically getting the entitlement, this reduce in threshold would still apply.
5. Under the current scheme 94% of the market is covered, the move to reduce the threshold will bring this up to 97% (this is based on current numbers and may change in 2019 as the market develops).
6. Other suppliers below the threshold will be able to volunteer under the scheme. There are currently 3 voluntary smaller suppliers.