

Energy statement update – October 2022

Since our last update, Ofgem (the energy regulator) announced the October price cap figures and said that they would review the price cap quarterly. The Government then intervened in an attempt to reduce the impact on the cost of energy with the “Energy Price Guarantee”. This aims to freeze domestic gas and electricity prices until April 2023 (equivalent to £2500 a year for typical domestic “dual fuel” consumption paying by Direct Debit).

This decision means that standard single rate electricity in North Scotland was due to increase from 28p to 52p a unit in October 2022 but will now be frozen at 33p a unit, and mains gas was due to increase from 7.3p to 15p per unit but will now be frozen at 10.3p a unit. For electricity, 33p a unit is still higher than Northern Scotland prices 15 months ago – which were as low as 13p a unit for some, and of course no LSHA tenant has access to Mains Gas.

The cap, and the “Energy Price Guarantee” means that energy switching for price benefit has almost disappeared. Since the summer of 2021, 30 energy companies have collapsed and most electricity rates from all suppliers are now firmly stuck on the new energy price guarantee rates. Few companies are actively encouraging or facilitating new customers and price comparison websites lack functionality. You should still check that your meter type is appropriate – the wrong meter type in itself creates a much higher costs e.g. some houses with a heat pump might still have a THTC meter. There is also variety in how companies distribute charges between two rate meters, and known balance of use figures might suggest a switch – for example, EDF THTC rates vary significantly from SSE’s. Remember also that if you have a credit meter but don’t pay direct debits your unit rates will be higher than the energy price guarantee. Those who just pay their quarterly bills on receipt have higher unit rates than Direct Debit customers by about £200-300 a year. Prepayment electricity rates remain fractionally lower than Credit rates.

The quarterly cap will continue to be calculated by Ofgem; the difference between the calculated Ofgem price cap and the Energy Price Guarantee in effect identifies the subsidy that Government, and ultimately the taxpayer, will have to give to energy companies. We predict that energy prices will stay high for a long period after the Government subsidy ends, and will slow competition in the market.

It is important to remember that if your consumption is higher than “typical” you will pay more - if you don’t have Mains Gas you will pay more, if you use electricity for heat you will pay more and if you have an unregulated fuel like heating oil you will pay more. It is these additional burdens that create higher energy costs in Skye and Lochalsh.

To try to reduce the negative impact the energy crisis is having on households, we have been continuously working hard to seek solutions and financial assistance:

- We applied to the Scottish Federation of Housing Associations (SFHA) for a fuel insecurity grant of over £60,000 to be able to offer financial assistance to households hardest hit. The grant was over-subscribed by £4million and unfortunately, we were unsuccessful. We will continue to apply for any future rounds that open if further funding is secured by SFHA and pro-actively seek other grant funding opportunities.
- Our ambition to write a new Energy Strategy and find long-term sustainable solutions for homes we know need improved heat outcomes for tenants remains. We are waiting on

confirmation that the grant funding will be awarded to deliver this but still hope to be able to explore new ideas with our tenants.

- We still hope to deliver our asset management programme including the installation of 30 heat pumps this year but are waiting on a decision from Scottish Government to award money to cover the costs of these. We hope to hear by the end of the month.
- The Energy Advice Manager continues to lobby for widespread change in policy decisions and regulation; including meeting with the Scottish Government Fuel Poverty Panel last week in Edinburgh. Championing less discriminatory policies that disproportionately affect people who don't have access to mains gas.
- Reviewing what affordability means, how we can deliver this and trying to offer advice/help to maximise your income and keep running costs of properties as low as possible.
- We are considering a consultation to look at where we invest money over the next few years; whether you think that re-prioritising heating upgrades first is a good idea given the current crisis, which would mean delaying replacements of kitchens and bathrooms. More information on this will be released soon.
- If you have a prepayment meter and are in crisis with no means of top-up you should speak to us to see how we can support you best. For credit customers there is a Home Heating Support Fund which you can apply for yourself or ask us/CAB for assistance homeheatingadvice.scot. See our June 2022 update for the range of Government support schemes to help pay for fuel bills this winter.

The following sources provide good additional information to that provided in our June update, and please remember that you can always ask our energy advice team to visit you – energyadvice@lsha.co.uk

Cost of Living Support Scotland

The Scottish Government has set up a new website or 'one-stop shop', which provides information on the wide range of advice and financial support available to people in Scotland. This include information on help available for households to meet rising energy, housing and other costs. <https://costofliving.campaign.gov.scot/>

Advice Direct Scotland

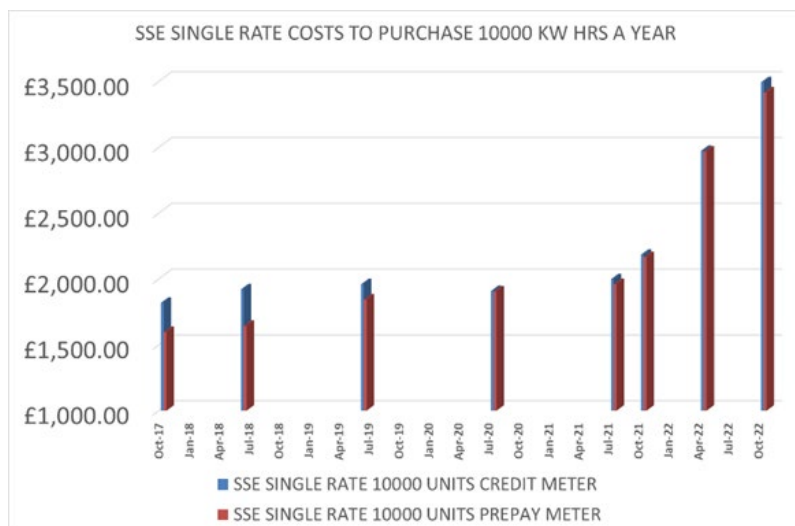
Advice Direct Scotland (ADS) offers a range of services to support with the cost-of-living crisis and those struggling with energy costs. This includes a [Cost-Of-Living Toolkit](#).

Ofgem

Have drafted specific energy bill advice for Scottish consumers

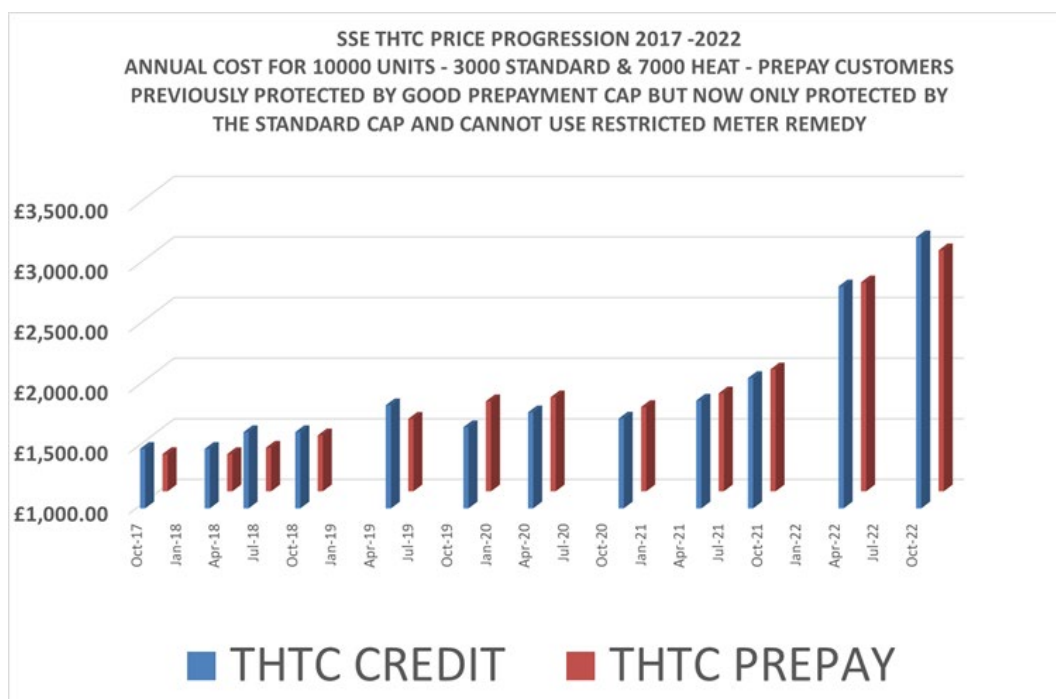
www.ofgem.gov.uk/publications/energy-domestic-consumer-advice-autumn-winter-2022

This graphic illustrates energy price escalation over the last five years – it shows an SSE single rate tariff for the purchase of 10000 units.



	SSE SINGLE RATE	
	10000 UNITS	
	CREDIT METER	PREPAY METER
Oct-17	£1,819.04	£1,596.42
Jun-18	£1,921.01	£1,644.00
Jun-19	£1,958.91	£1,843.85
Jul-20	£1,908.83	£1,904.41
Jul-21	£1,998.05	£1,961.35
Oct-21	£2,184.01	£2,164.85
Apr-22	£2,972.72	£2,967.60
Oct-22	£3,493.44	£3,415.73

This one shows the increase in THTC prices over the same period



The result of these price increases is that many LSHA tenants ration their energy use and thus have poor warmth and humidity management outcomes.

Over 60% of LSHA tenants still buy their electricity from SSE – the following table shows the price increases for their main tariffs.

RATE CHANGE EXAMPLE - SSE RATES						
SSE SINGLE RATE (pence)	UNIT RATE CREDIT	STANDING CHARGE CREDIT	UNIT RATE PREPAY	STANDING CHARGE PREPAY		
SUMMER 22	27.9	50.06	27.67	54.96		
AUTUMN 22	33.07	51.08	32.11	56.09		
SSE THTC RATE (pence)	NON HEAT UNIT RATE CREDIT	HEAT UNIT RATE CREDIT	STANDING CHARGE CREDIT	NON HEAT UNIT RATE PREPAY	HEAT UNIT RATE PREPAY	STANDING CHARGE PREPAY
SUMMER 22	32.51	23.89	50.14	30.87	22.82	54.96
AUTUMN 22	41.28	25.87	51.16	38.03	23.47	56.09
SSE DOMESTIC ECONOMY E7 RATE (pence)	DAY UNIT RATE CREDIT	NIGHT UNIT RATE CREDIT	STANDING CHARGE CREDIT	DAY UNIT RATE PREPAY	NIGHT UNIT RATE PREPAY	STANDING CHARGE PREPAY
SUMMER 22	30.89	20.41	50.14	30.64	20.25	55.03
AUTUMN 22	39.21	18.33	51.16	38.27	17.93	56.19
SSE E10 RATE (pence)	PEAK UNIT RATE CREDIT	OFF PEAK UNIT RATE CREDIT	STANDING CHARGE CREDIT	PEAK UNIT RATE PREPAY	OFF PEAK UNIT RATE PREPAY	STANDING CHARGE PREPAY
SUMMER 22	30.24	22.73	50.14	29.67	22.28	55.03
AUTUMN 22	35.95	25.03	51.16	34.6	24.01	56.19