

Title: Social tariffs : a solution to fuel poverty?

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Abstract:

The study examines the growth of fuel company social tariffs in Britain as a response to recent rises in fuel prices and considers their implications for future fuel poverty policy. Drawing on the findings of a literature review, qualitative semi-structured interviews with 'stakeholders' and secondary data analysis of current social tariffs (the 'impact assessment'), the study found that there was considerable interest in social tariffs among stakeholders but sharp difference, both real and perceived, over the contribution they can make towards reducing fuel poverty. The literature review showed how liberalisation of energy markets, fuel poverty policy and rising prices had encouraged the development of social tariffs. However, there were significant differences between stakeholders over the purpose of social tariffs and such related factors as eligibility criteria, relationship to the competitive market, funding and degree of prescription required. The study shows how these differences reflect wider debates over the benefits and costs of energy liberalisation, means testing or universal provision within welfare policy and the value of corporate social responsibility as a vehicle for delivering social policy. The 'impact assessment' found that although fuel companies targeted social tariffs at their low-income consumers, most companies still provided cheaper tariffs for their Direct Debit consumers who tend to be more affluent. It also found that many social tariff consumers would be better off switching to the standard tariff provided by another company (although, social tariff consumers tend not to switch). The study concludes that a full evaluation is required before policy decides whether to prescribe social tariffs or pursue alternative courses of action. This should examine the effectiveness of social tariffs with respect to their impact on both national fuel poverty levels and on individual households in terms of fuel poverty status, stigma, perceptions and consumption behaviours.