

1) Does the strategy and policy statement identify the most important strategic priorities and policy outcomes for government in formulating policy for the energy sector in Great Britain? If not, please provide details of the priorities that you think should be included.

As the membership bodies for charities and volunteering in England, Wales, and Scotland, we welcome the introduction of a strategy and policy statement for energy policy in Great Britain. The voluntary sector is a critical partner in the drive towards clean energy and net zero. Charities and voluntary organisations promote innovative solutions to improve energy production and security, protect the environment, and promote biodiversity; they support communities to generate their own energy, reduce their consumption, and regenerate local ecosystems; and they are increasingly adapting their own operations to reduce their carbon footprint.

From the perspective of the voluntary sector, the statement could be improved to clearly prioritise energy security, clean technology, and the wellbeing of communities. To this end, we encourage prioritisation of strategic priorities and policy outcomes within each section, as well as some additions, as set out in our response below.

Enabling clean energy and net zero infrastructure:

Charities and voluntary organisations face many challenges as energy consumers. They are often based in inefficient, old, and/or listed buildings whose fabric cannot be improved. Many organisations are renting their premises, which means they do not have direct relationships with their energy suppliers and are unable to improve the fabric of their buildings. Many do not have sufficient data about their energy usage, struggle to obtain this from their suppliers, and/or do not know how to interpret it, thus limiting their ability to reduce their usage effectively.

When it comes to improving energy efficiency and/or accessing clean energy, we have heard from voluntary organisations that 1) lack of reliable and impartial advice and audits and 2) lack of competition (and therefore choice and availability) in the provider market are significant barriers.

Given that purchasing and installing such measures is typically a significant investment, particularly for smaller organisations, charities want to ensure that they are making the best possible decisions. However, it is difficult to do so when those providing advice are also usually selling a product or service, and when the choice and availability of those selling products and services in the local area is very limited. Voluntary organisations require robust, detailed audits, which include cost analyses, future cost projections, timeframes for returns on investments, and the true financial and environmental cost of doing nothing. Robust cost modelling is often missing from audits, which often leads to inaction.

Government should add a policy outcome in this section that focuses on cultivating the market, including through education and training, to increase the supply of reliable advice, goods, and services to meet (and increase) demand for energy efficiency and clean energy measures from all consumers (but particularly households, voluntary organisations, social enterprises, and SMEs).

Another significant barrier to installing energy efficiency measures is that many voluntary sector organisations operate in buildings whose fabric cannot be improved for a range of reasons. Reducing demand for energy amongst this cohort must take into account the need to increase the availability

of buildings that are more energy efficient. Government should add a policy outcome in this section that focuses on the interdependence of reducing demand for energy with developing the UK's building stock.

We also support Community Energy England's calls to explicitly recognise and emphasise the importance and added social value of community energy and establish a 'duty to support local climate action' within government (<https://communityenergyengland.org/pages/what-policies-are-asking-for>). Government should add a strategic priority in this section that focuses on supporting the long-term growth of community energy.

Regarding prioritisation within this section, the protection of all consumers should be a higher priority than effective markets. Market mechanisms will often not serve voluntary sector customers and their services users well, as these cohorts often lack economic power to influence markets (for example, because they are located in rural or deprived areas). Effective planning of services, particularly regarding infrastructure, should also be a high priority in the delivery as well as regulation of the system. Priority should be given to 'net zero compatible alternatives' that do not release greenhouse gases over technologies that simply balance release and capture of greenhouse gases, and terminology used in the priorities (e.g., 'net zero', 'clean') should be consistent and defined.

Ensuring energy security and protecting consumers:

While charities and voluntary organisations are included in the category of 'non-domestic consumers', there are currently insufficient protections for these types of organisations. When it comes to energy costs, charities and voluntary organisations face three overlapping challenges that can make it more difficult to manage rising energy costs.

- In many cases, they are required to use energy to deliver their work (e.g., leisure centres, care homes, hospices), and/or they have high energy usage and cannot reduce this without jeopardising the wellbeing of the people they support. This includes, for example, warm hubs, libraries, services for pregnant people, childcare and youth services, and services for people with low body weight due to e.g. addiction or eating disorders. These organisations cut across subsectors and sizes.
- They typically cannot pass costs on to their service users. For example, if they are delivering services that need to be free at point of delivery; if they are serving low-or no-income groups; and/or if they are serving people who are most impacted by high inflation (for example, disabled people and older people). They may also be delivering public services through contracts that are not keeping pace with inflation, but that do not permit them to introduce or increase charges to service users.
- They often cannot absorb increased costs. Fundraising (particularly in deprived or low-income areas) can only do so much; they may already be subsidising public services contracts with charitable income; they may be struggling to meet other rising costs, such as wages; and they may have low reserves. In particular, organisations led by marginalised groups are less likely to be financially resilient and are often underfunded (for example, Black-led organisations and Deaf and Disabled person-led organisations).

Government should therefore consider additional protections for not-for-profit organisations that are supporting people with characteristics of vulnerability and/or that are least able to take steps to mitigate the impact of high energy costs and/or usage. This should be in addition to the protections that are available to microbusinesses, some of which will be voluntary organisations.

Focusing on mitigating the unique pressures facing these types of not-for-profit voluntary organisations would acknowledge their critical role in supporting consumers that Ofgem considers to be vulnerable. This would help to ensure that we do not lose vital local and national voluntary organisations and services due to historically high energy costs.

Many charities and voluntary organisations operate in rural areas, including, for example, village halls. It is currently unclear how the interests of customers who are not connected to the gas grid will be protected by this statement. Contrary to the assertion on page 23 of the statement, competition is not the best guarantee of consumer protection when consumers lack collective economic power, for example because they are very geographically dispersed. Government should add a policy outcome in this section focusing on improved protection for consumers whose lack of collective economic power typically means their needs are deprioritised and not served well by competitive markets.

2) Does the strategy and policy statement effectively set out the role of Ofgem in supporting government to deliver its priorities? If not, please identify where these expectations could be made clearer.

We welcome that this statement requires Ofgem to ‘have regard to the interests of vulnerable individuals, including those who are disabled or chronically sick, of pensionable age, with low incomes, or residing in rural areas.’ It is critical to acknowledge that people in many different situations will experience more detriment or be less able to protect their own interests in the energy market.

However, this requirement should be strengthened to require Ofgem to take proactive steps to protect these groups of customers. In particular, Ofgem should be required to prevent vulnerability and disadvantage that arises from the functioning of energy markets. Transparency and accountability could be introduced by requiring Ofgem to set out how it plans to do this in regular public correspondence to the Secretary of State for Energy Security and Net Zero.

We also recommend that this strategy and policy statement align its definition of vulnerability with Ofgem’s Consumer Vulnerability Strategy 2025, which recognises that vulnerability is complex, mutable, and often context-dependent.

The groups that are likely to experience vulnerability will have broadened due to the cost of living crisis and its impact on both individuals and the organisations supporting them. For example, young people experienced significant increases in social isolation during the Covid-19 pandemic, and many are now seeing local leisure centres, swimming pools, sports clubs, and other community facilities that provide critical social infrastructure closing or reducing services due to increasing energy costs. Recent surveys in Wales (<https://wcva.cymru/wp-content/uploads/2023/05/Pulse-May-2023-Wales.pdf>), Scotland (<https://scvo.scot/policy/research/scottish-third-sector-tracker>), and England (<https://www.probonoeconomics.com/shifting-out-of-reverse>) all point to the impact of high inflation on community organisations and, by extension, the people they support.

We therefore recommend that this strategy and policy statement also require Ofgem to have regard to the interests of organisations that provide support to people experiencing vulnerability, and/or that have characteristics of vulnerability to high energy costs themselves (as described in our response to question 1 and in Ofgem’s Consumer Vulnerability Strategy 2025).