

## Consultation response

### **Scottish Fuel Poverty Advisory Panel response to the Department for Energy Security and Net Zero's Consultation on Warm Home Discount Cost Recovery**

The Scottish Fuel Poverty Advisory Panel

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To: Charlotte DuBern and Julie McLynch – Deputy Directors for Fuel Poverty & Warm Home Discount, Department for Energy Security and Net Zero – [whd.consultation@energysecurity.gov.uk](mailto:whd.consultation@energysecurity.gov.uk)

Dear Charlotte and Julie

As you know, The Scottish Fuel Poverty Advisory Panel (SFPAP) is an advisory non-departmental public body which provides independent advice to Scottish Ministers on fuel poverty and scrutinises Scottish Ministers' progress towards delivering Scotland's 2040 fuel poverty targets. SFPAP is made up of the following members:

- Matthew Cole, Chair of SFPAP and Head of Fuel Bank Foundation
- Kirsten Jenkins, Panel Member and Senior Lecturer in Energy, Environment and Society at The University of Edinburgh
- Alister Steele, Panel Member and former Managing Director of Castle Rock Edinvar Housing Association
- Fraser Stewart, Panel Member and Head of Local Energy Strategy at GB Energy

Since it was established on the 1<sup>st</sup> of January 2022, the Panel has engaged widely across the third sector (advice agencies and housing associations) and energy sector (retail and network energy companies, trade associations), Ofgem, and with the Energy Ombudsman and Consumer Scotland. It has also engaged with and is informed by those with lived experience of fuel poverty. The Panel's views are shaped by this engagement as well as their own knowledge, experience and understanding.

Last year, we, the Panel, responded to the Department for Energy Security and Net Zero's consultation on expanding the Warm Home Discount scheme 2025/26 and then to the subsequent consultation on continuing the Warm Home Discount. In

these responses, we stressed the urgent need to reform the support given to low income and vulnerable households to tackle fuel and extreme fuel poverty.

There are 34% of all households (approximately 861,000) estimated to be in fuel poverty, with around 19.4% (approximately 491,000) estimated to be in extreme fuel poverty in Scotland<sup>1</sup>. This rises to 44% in remote rural areas. We also pointed to the recommendations we have made for the introduction of [a targeted, flexible, and dynamic discount mechanism \(social tariff\)](#), funded through general taxation, to replace the Warm Homes Discount (WHD) and that the WHD could evolve into such a discount mechanism with sufficient funding, re-design and operational capability, offering the potential to substantially reduce the fuel poverty gap which is currently estimated to be £1,250<sup>2</sup> in Scotland.

We recognise the impact of the standing charge on those on low incomes, including those who pre-pay - more likely to be on low incomes - and whose meter top ups are initially used to cover any standing charges. We have previously [highlighted](#) the associated risk of self-disconnection from or self-rationing of energy, which standing charges may foster or exacerbate. Switching the WHD levy cost to the unit rate will not however solve the issue of underheating which characterises many of those on low incomes with low energy consumption. It may also unfairly benefit early adopters of technology and result in the WHD levy costs being paid by people who are less able to afford new technology.

We think that moving the WHD levy to the unit rate from the standing charge brings significant risk of deepening fuel poverty. Many above average energy users are likely to be in fuel poverty, including those who live in poorly insulated homes with inefficient and expensive heating systems, who live off-grid or who have additional heating needs due to health conditions. In addition, the associated increase in unit rate would result in the differential between winter and summer bills increasing. We know that 52% of households using electricity as their primary heating fuel in Scotland are fuel poor, higher than households using gas (32%), and oil (26%)<sup>3</sup>. In the absence of specific figures for Scotland in the illustrative impact of moving WHD levy to the unit rate, we are not confident that the net result of a WHD levy move to the unit rate would be beneficial to those using electricity as their primary heating fuel.

We therefore do not support the move of the WHD levy from standing charges to the unit rate. Fundamentally, our view of standing charges is that they should solely cover infrastructure, transmission, and distribution costs. Policy costs such as the WHD levy – among others – are regressive and we would like to see the WHD, as a precursor of a fully-fledged flexible energy discount mechanism (social tariff), funded through general taxation.

As ever, we would be pleased to meet with DESNZ officials to discuss further.

Yours sincerely,

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<sup>1</sup> Scottish Government (2025) [Scottish House Condition Survey: 2023 Key Findings - gov.scot](#)

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.



**Matt Cole**

Chair, Scottish Fuel Poverty Advisory Panel