28th January 2020

Please reply to:

Sharon Darcy, Director. Sustainability First
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Dear Citizens Advice

Sustainability *First* is a charity and think tank that works in the utility sectors. We promote practical solutions to improve environmental, economic and social well-being. We have significant experience – as an organization and as a group of Associates - of consumer and public interest issues, regulation and the energy sector (**www.sustainabilityfirst.org.uk).**

1. Sustainability *First* agrees with the need to review the regulatory system to assess whether this is fit for purpose in essential services, particularly in the context of net zero.

2. We would urge Cit A to build on existing work in this space. Our March 2019 Discussion Paper Circling the square: rethinking utilities regulation for a disrupted world set out our provisional thinking in this area. Sustainability First's Fair for the Future project is now taking this work further; our mid-way report released in January 2020 summarises our work to date in this area - Delivering on fairness and the environment: An agenda for responsible business in UK regulated utilities. We will be spending most of this year assessing the implications of our work for policy and regulatory frameworks, and how these need to be redesigned to cope with technological, environmental and social disruption.

3. We support the focus in the Work Plan on future challenges in rapidly evolving markets. However, **we would urge a more long-term and strategic approach be taken; particularly around how to deliver net zero in a fair way**. This will entail looking at the interests of citizens and communities – not just consumers. Citizens Advice – as the name implies – is well placed to take this wider view.

4. Who pays for decarbonisation – and how – will be the issue that defines our age. We would strongly urge Citizens Advice to develop a more joined up and multi-year strategy setting out how it will navigate through the extremely complex and inter-related issues that this will raise. As an organisation, you are uniquely placed to provide realistic assessments of the financial and service impacts of climate change.

5. Sustainability First would be delighted to partner with you in this area: to help frame the key questions that will need to be addressed through wider democratic engagement and accountable governance processes; and to assist you in the identification of key milestones and next steps – from a people centred point of view – in the years ahead.

6. On making markets work for consumers, we agree on the need to examine the extent to which pricing can be relied upon as a tool for behaviour change in essential service markets. We also support the need to consider other tools to better achieve certain policy goals.

7. Switching is not necessarily a good indicator of market health if you are looking for people to install smart and inter-connected kit in their homes to enable them to use resources more efficiently. With the move from energy as a commodity to energy as a service, other ways of assessing consumer outcomes – and relationships - are needed.

8. On better value infrastructure, we would note the importance of taking account of other outcomes, besides efficient cost of capital. The need to decarbonise is key here. Short term savings may have real long-term costs if they close down the options in the pathway to net zero.

9. In terms of making better use of data, we would note that this is not only an issue for energy networks. The smart meter rollout will also have implications for the data that is available to policy makers (national and local) and regulators – and hence future public policy development. Sustainability First and CSE's Public Interest Advisory Group on smart meter data is exploring these issues in depth. We are grateful for Citizens Advice continued involvement in this work.

10. Finally, on vulnerability, we would urge Citizens Advice to press for more cross sector approaches to working with people in vulnerable situations. Support should be designed around the person – not company and regulatory silos.