Dear Maureen,

As Convenor of the Infrastructure and Capital Investment Committee, I wanted to inform you of an announcement I will be making today which is relevant to the subject matter of your Committee. I am writing in similar terms to the Convenor of the Economy, Energy and Tourism Committee.

Independence will offer Scotland additional powers that could be used to design a new approach to addressing fuel poverty and improving domestic energy efficiency that is fairer and better suited to the needs of Scotland’s homes and its people.

In this announcement, I will set out our intention following independence to transfer responsibility for the Energy Company Obligation and Warm Homes Discount schemes from energy companies to the Scottish Government. This would enable these costs to be removed from energy bills, where they are currently paid by householders irrespective of income, and instead meeting these costs from central resources.

This would involve increasing government funding through a future budget setting process to an amount equivalent to the cost of these schemes which, building on existing Scottish Government investment would create a budget of at least £200 million pounds a year to directly combat fuel poverty. The money would be spent on schemes designed in Scotland to meet Scottish circumstances.

We estimate that by passing these cost reductions onto their customers, energy companies would cut household bills by around £70 or 5% each year, which alongside Scottish energy efficiency programmes would make a real impact in helping households in fuel poverty.

I look forward to providing evidence to your Committee on 30 October as part of the scrutiny of the draft Budget 2014-15 and would be happy to discuss this further with your members at this time.

NICOLA STURGEON

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