

Fuel Poverty NGO Group Submission to the Inter-Departmental/Agency Group on Affordable Energy on an Affordable Energy Strategy

The Fuel Poverty NGO group consists of the following organisations:

Energy Action, Age Action Ireland, SIPTU, Irish Rural Link, Irish Council for Social Housing, Focus Ireland, OPEN, Alone, Threshold, MABS NDL, the Institute for Public Health and Society of St. Vincent de Paul.

Introduction

The various NGOs and civil society organisations have come together with a shared concern in relation to Energy Poverty and we view the consultation and the Government Group on Energy Affordability as a prime opportunity for defining, measuring and tackling the problem, in a joined-up, comprehensive and effective way. In general terms, the key issues we raised in the Government Working Group earlier this year included:

- Income and Welfare
- Utilities and the Regulator
- Housing
- Efficiency Measures and Investment
- Education and Public Awareness
- Other issues such as Definition and Carbon Tax

We believe that a Strategy which deals with all of the above in a concerted and meaningful way has the potential to combat energy poverty in a sustained manner, improving the quality of life of the people we work with, assist, and advocate for.

Q. 1 As outlined in Section 2, supports in this area are currently delivered through a combination of income support schemes and thermal efficiency based schemes. What is your view of this approach and what changes would you suggest?

Combination of Schemes:

It is important to address energy poverty through a combination of income support, energy efficiency schemes and public information, education and advice. In achieving the correct mix of interventions, it is essential that:

- levels of investment are sufficient;
- schemes are designed to ensure that all elements that result in fuel poverty are adequately tackled, with evidence to support the effects of the schemes in addressing fuel poverty;
- schemes are targeted at those living in or at risk of fuel poverty, requiring appropriate, contemporary and comprehensive data to ensure this.

We envisage measures to address fuel poverty income supports shifting to a primarily energy efficiency measures-based system over time, but only where energy efficiency measures can demonstrate a beneficial impact on the energy budgets of a sufficient number of energy-poor households.

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Q.2 What changes would you suggest to the income support schemes to improve delivery and effectiveness?

Changes to Income Support Schemes:

Eligibility Considerations:

- Eligibility requires a root and branch review. People's risk of fuel poverty should be the determinant for interventions. Income supports should not be based solely upon whether households are in receipt of long term payment. A person's means is not the only measure for assessing fuel poverty and that is why the development of a definition in conjunction with the generation of appropriate data to identify these households is important. Factors such as impact on health, ability to pay / low income, living alone all play a role.

Fuel Allowance:

- In terms of Fuel Allowance specifically, the administration and targeting of Fuel Allowance requires review. Some of the following should be considered:
 - household risk of fuel poverty as determinant
 - Increase number of weeks beyond 32
 - Index link to fuel costs (depending on energy sources) For example, in the last 12 months there was an increase in home heating oil by 37.6% (CSO, March 2010).
 - Link payments to the energy efficiency standard of the accommodation. There will be an incentive on Government to improve the energy efficiency of the dwelling as this should result in savings in fuel related payments leading to a virtuous cycle.
 - choice of either lump sums for home heating oil fills or weekly payment
 - Consider introducing a cold weather payment to combat large bills associated with severe cold snaps e.g. winter 2009/2010 (particularly if fuel debt is an indicator of fuel poverty as is the case in the UK (see page 32 of consultation paper).
 - Extend eligibility to:
 - other SW households
 - working poor households, by broadening the fuel allowance coverage to households in receipt of the family income supplement

Household Benefits Package:

- Changes are needed in the provision and administration of this scheme; e.g. units in the household benefits package should be put to tender to ensure that the best rate is offered to the Department for Social Protection

Card Based Payments:

- Cards payment systems, related to improved technologies, will form an integral part of income support schemes and may replace cash payment schemes.

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Carbon Tax:

- This will place pressure on poorer households by further increasing fuel prices, in particular rural households. It is being introduced in May 2010, long before this Strategy will be formulated, but no specific or detailed compensatory measures have yet been announced by Government. **This is a huge concern for us.** We propose:
 - o 100% recycling of revenue raised from a carbon tax to support fuel poor households in the following ways:
 - o Compensation of €3 per adult per week and €1.20 per child per week for all households on a social welfare payment or FIS
 - o That people living alone should receive 70% of the compensation that an eligible couple would receive
 - o Compensation being of a limited timeframe, subject to substantial improvements in both energy efficiency measures and energy source improvements for all those at risk of fuel poverty
 - o Longer term emphasis on sustainable energy and efficiency, underpinned by increased funding for Home improvement and Energy Efficiency

Q. 3 What changes would you suggest to the Warmer Home Scheme to improve delivery and effectiveness? In your answer please have regard to the eligibility requirements, the measures that are available, the delivery mechanisms and the knowledge and awareness of the scheme?

Warmer Homes Scheme (WHS):

Eligibility Requirements:

- The WHS has focussed on housing as opposed to households. The WHS is predominantly for home owners, yet a huge proportion of the energy poor are not owner occupiers. The eligibility of the voluntary housing sector requires clarification.
- There is a need for a scheme (perhaps a mixture of WHS and HESS) where private rented tenants can gain from the same benefits without unduly benefiting private landlords. There is a need for a 'carrot and stick' approach regarding Private Rented housing, energy efficiency and appropriate energy sources.
- The need for coverage of WHS availability across the state is important. Low income households should not be at a disadvantage purely on the basis of being in a county not covered by aspects of the WHS programme.
- We are aware that there is an unwritten agreement between SEAI & Community Based Organisations (CBOs) that CBOs will accept referrals (for households and people in housing fitting the criteria) from any bona fide organisation including GPs, TDs, Councillors, SVP, MABS and Irish Rural Link.

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Available Measures:

- For WHS to work, attics need to be cleared prior to the work being done. Many people who are eligible for the WHS do not have the ability to clear their attic and this is not the job of the organisation tasked to retrofit the building. Better co-ordination with local community and voluntary organisations, obliging neighbours and relevant stakeholders is required, and agreements established, in order for tasks such as attic clearing to be identified for vulnerable households prior to WHS work being carried out in attics.
- DEAP (Dwelling Energy Assessment Procedure) should include:
 - the cost of fuel at the current stage,
 - costs for upgrades on various elements to improve the efficiency with a payback period term included and
 - what the various changes could result in, e.g. a better grade (from D to B1)
- WHS without sustainable heating sources is not a good use of resources. WHS should focus on low income people with more cost effective sources of energy, while WHS plus needs to address the needs of low income households with the most inefficient energy sources.
- Increase measures for whole-of-house basis by supplying a one stop shop service including air tightness & ventilation measures, double glazing, and central heating systems in particular, especially for those most at risk of energy poverty.

Delivery Mechanisms:

CBOs have first-hand knowledge of locality, confidence & trust from clients / customers.

Knowledge and Awareness of the Scheme:

- Social welfare should mail or correspond in another effective way to all recipients of Fuel Allowance, Home Benefits Package and Social Welfare
- For those currently eligible, SEAI need to think about identifying key audiences within this group and talk to other stakeholders about the best way to communicate with and reach these households. This is already beginning to take place in discussions between SEAI and Community and Voluntary organisations.

Q. 4 What changes would you suggest to the Home Energy Saving Scheme to improve delivery and effectiveness? In your answer please have regard to the eligibility requirements, the measures that are available, the current level of grant supports, the delivery mechanisms and the knowledge and awareness of the scheme, particularly among landlords?

Suggested changes to the Home Energy Saving Scheme (HESS):

Eligibility requirements and Level of Grant Supports:

- The programme should be extended to Local Authorities as well as all other social housing providers, i.e. the Voluntary Housing Sector.
- The Home Energy Saving Scheme is mainly accessible by households who already have the financial capacity to undertake upgrading work and who are incentivised through the cost offsetting effect of grants. The scheme should be modified to provide increased aid for working poor households who are not on social welfare payments and cannot afford to upgrade the energy performance of their homes. Criteria for identifying the working poor should be established, based partly on receipt of Family Income Supplement and / or a combination of hardship factors.

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Measures:

- Some version of the HESS should be a mandatory requirement for Private Sector Landlords, as part of the 'carrot and stick' approach mentioned above. Low income private rented tenants can be particularly vulnerable to energy poverty and are a key group among those most likely to benefit from HESS improvements in such dwellings.
- HESS should include:
 - air tightness testing
 - ventilation measures in the home
 - glazing upgrades & replacement

Delivery Mechanisms:

- All registered contractors must be suitably trained & qualified in all facets of delivery including insulation & providing energy advice.

Knowledge and Awareness of the Scheme:

- Generally, better dissemination of information about schemes is required as outlined in our response to Question seven.

Q. 5 What changes would you suggest to the retrofitting schemes administered by DEHLG to improve delivery and effectiveness? In your answer please have regard to the eligibility requirements, the measures that are available, the delivery mechanisms and the knowledge and awareness of the scheme?

Current Context:

- Currently 'housing aid for older people' is not available in every local authority area, due to funding issues. Those on the waiting lists from last year are only now being processed.
- There is an inefficient and inconsistent processing of applications on a national basis and many people find it difficult to afford the costs of their contribution to the adaptations.

Suggested Changes to Schemes delivered by DEHLG:

- The retrofitting and weather-proofing schemes administered by DEHLG need to be better promoted, but as part of a bundle of supports integrated with the SEAI grants and initiatives, with the tackling of energy poverty of low income households being at the core of policy objectives.
- There should be clear, uniform and transparent eligibility criteria for both the DEHLG grants for home improvements.
- Housing aid for older people, Disabled persons grant, and the housing adaptation schemes can be delivered using local employment consisting of a partnership of private, public & CBOs (third sector) similar to the UK's Warm Home Strategy.
- CBOs under their energy advice programme (WHS) will be responsible for supplying applications forms to all clients under the WHS. They may also be advised / trained to fill out forms for clients.
- The supports should be based on a balance between the needs and vulnerabilities of the household and the physical and energy efficiency requirements of the dwelling.

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Q. 6 What new policy intervention would you like to see introduced to improve the energy performance of homes?

New Policy Interventions for home energy efficiency should include:

- Regular and comprehensive house condition surveys. Ireland has one every 10 years (the last one was in 2002). Scotland's house condition survey is undertaken every 2 years, is comprehensive and regular. In addition, include a section on demographic, socio-economic and attitudinal information on household, as carried out in Northern Ireland.
- A census question regarding house condition and efficiency measures
- Local Authorities should ensure that all private rented dwellings have a BER rating or equivalent. Private rented dwellings falling under a certain level (e.g. Rating 'D' or worse) should be subject to the installation of mandatory, appropriate energy efficiency measures within a reasonable timeframe for both landlord (responsible for measures) and tenant (in need of improved energy efficiency).
- Housing units where people are at most risk of energy poverty, assuming inefficiency and / or energy sources are a contributing factor, should benefit from a whole-of-house / one stop shop approach to the treatment of the dwelling

Q. 7 Do you think that the existing Programmes and supports are marketed correctly and what measures would you like to see introduced to increase awareness of the schemes?

Marketing, Measures and Key Stakeholders:

Marketing of existing programmes and supports:

- Schemes are currently quite complex and the title of the SEAI schemes are quite similar, leading to confusion between the identity of schemes. In addition, eligibility criteria are unclear and some people do not know what they are entitled to.
- There are waiting lists for certain schemes and this is a barrier to accessing them.
- From a policy analysis point of view it is difficult to assess whether schemes have been fully drawn down, under-spent or overspent.

Measures to increase awareness of Schemes:

- The process of accessing the available interventions should be streamlined to make it easier for the public to get information and to apply for assistance.
- Radio / TV ads, bill boards & web based advertisements on the role of energy efficiency in combating fuel poverty & on available energy-saving schemes
- Free Information and advice lines available to provide a targeted response and specific relevant advice and information to households, housing providers and other relevant organisations and groups as is in the case in other jurisdictions, e.g. Scotland (larger Housing Associations employ Energy advisors as a support and information source for low income social rented tenants)

Role of Local Authorities:

- The retrofitting and weather-proofing schemes administered by DEHLG need to be better promoted, but as part of a bundle of supports integrated with the SEAI grants and initiatives.
- Local Authorities must become fully active in delivery of their funding received. In the past the HSE operated this most effectively ensuring added value by using CBOs to do insulation which was funded by SEAI.

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Awareness of schemes among the Voluntary Sector:

- The various stakeholders need to investigate how to build the capacity of community groups and other relevant organisations to identify houses vulnerable to fuel poverty

Q. 8 What are the strengths and weaknesses of the current working definition of energy poverty in Ireland in comparison to the alternative definitions outlined above?

Strengths, Weaknesses and Alternative Definitions:

Strengths of current working definition:

- Income is an important defining characteristic of energy poverty

Weaknesses of current definition:

- Income is not the only defining characteristic of energy poverty. Other factors that must be taken into account include energy sources and their costs, housing type, quality and efficiency and the capabilities and circumstances of the household

Appraisal of alternative definition:

- Australian definition while outlining high level scenarios over time does not give an indication of fuel poverty today. The appropriateness of the Australian definition must be questioned as Ireland lacks much of the baseline data on housing conditions etc available elsewhere. Without such data a baseline for an Australian-style definition cannot be determined.

Q. 9 Taking the above factors into account, what do you think is an appropriate definition of affordable energy for use by Government?

An appropriate definition should include the following:

The inability to achieve adequate warmth because of energy inefficiency in the house and / or financial difficulties which relate to household income and/or the cost of energy.

An appropriate measurement for the income aspect of the definition needs to be arrived at, which may or may not be 10% of household income. Currently we are not stipulating a percentage of household expenditure that defines energy poverty, as energy poverty should not be measured solely by income. We may arrive at an appropriate percentage during the process of the drafting of the strategy.

Our closest guides to the development of an appropriate definition are from Northern Ireland and Scotland. The definition needs to be comprehensive, including efficiency, income and energy source, yet easy to understand. The definition should provide a basis on which to set targets and timescales for its reduction and eventual elimination.

Among those groups vulnerable to energy poverty are older people (who are more susceptible to cardiovascular and respiratory illness associated with fuel poverty), people with disabilities, other households receiving social welfare and the working poor.

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Households in inefficient dwellings are also at risk as are people with expensive energy sources and limited energy options.

Q. 10 Taking account of question 9, what measurement method or combination of methods do you consider would be most appropriate in the Irish context?

The following measurement methods would be most appropriate in the Irish context:

- A detailed survey of energy poverty with a representative sample of households. The sample would need to be sufficiently large enough in order to draw conclusions for Irish Society as a whole (e.g. 6,000 households). The survey should be a mixture of objective, subjective and expenditure methods, on a longitudinal basis. These three measures should be combined and/or used in tandem because they all draw out factors related to fuel poverty.
- Specific areas of research should include:
 - Income levels and sources including all Social Welfare payments, rules for means testing, fuel allowance
 - House Conditions Survey (on a 2 year basis) and Energy Efficiency levels of the dwelling (BER, DEAP, HALO)
 - A new, detailed survey of a large sample of housing units (e.g. 50,000) drawing on a combination of the methodologies of the House Conditions Survey
 - An examination of the availability of energy sources to households, with particular regard to rural households; those who cannot access gas; those reliant on self cut turf; and households in dwellings that are difficult to heat sufficiently.

Q. 11 What data source(s) do you consider should be used by Government to measure, record and report on affordable energy?

The following data sources should be used by Government to measure, record and report on energy poverty:

- CSO
- House Data Survey
- ESRI
- Smart Metering systems
- Seasonal or excess winter mortality rates – yearly monitoring of this should be carried out
- BER Ratings for all dwellings that have been rated
- DEAP
- House Condition survey
- Analysis of Energy costs over time
- Detailed evaluations of the WHS and HESS

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Q. 12 What questions do you think need to be included on a survey to gather information relevant for measuring, recording and reporting in affordable energy?

There should be questions on energy poverty surveys that have regard to the following:

- House Conditions and Efficiency: Existing insulation, existing appliances, water supply, water heating measures, space heating measures, lighting requirements, occupancy measures, glazing type, year of build, tenure, orientation of housing and presence of cold and damp
- Household characteristics: income, knowledge, time spent at home, average indoor temperature, excess winter mortality, subjective self reporting, and employment status and working pattern, e.g. part-time, short time or fulltime, should be monitored to track if households are vulnerable to hardship.
- User Behaviour e.g. turning off lights or going to bed early to avoid high energy bills; Perception of warmth/comfort in the home; management of energy bills e.g. paying ESB bill but, as a result, having to leave other household bills unpaid.
- Energy Sources: fuel type, options, energy costs
- Average monthly fuel bill(s)

Q. 13 Are the current mix of measures as outline in Section 2 targeted at the most vulnerable groups? If your answer is no what changes would you suggest?

Current measures do not target all of the most vulnerable groups for the following reasons:

- There is a lack of comprehensive survey data regarding households and housing conditions. This undermines the ability of existing policy to target either vulnerable groups or housing conditions. Any changes in the way that policy may target the most vulnerable groups will need to be based on an effective definition for energy poverty. An appropriate definition will need to clarify what data is required in order to identify the most at risk households and categories. On the basis of appropriate, accurate and up to date information, the most vulnerable groups will be better targeted for various initiatives (e.g. income, energy efficiency, energy sources and education).
- Restricted eligibility criteria means that working poor households do not receive assistance. Using current schemes, Family Income Supplement (FIS) eligibility is one way of identifying many (but not all) working-poor families. It should be noted however that individuals and couples without children are obviously not covered by FIS, and working families employed for less than 19 hours per week are not eligible for FIS. As a result FIS is not a fully comprehensive 'passport' for eligibility for all of the working poor.

Q. 14 What role, if any, do you see for the BER system for assisting policy makers in this area?

Role of BER to assist policy makers:

- The BER should include a value related to the actual current cost of energy to householder following the initial survey. To be more effective, the BER should also show payback periods (similar to HALO), not just a rating. This would be more user-friendly and more likely to encourage action.
- There needs to be minimum BER compliance standards for the letting of rented accommodation, e.g. Category D

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Q. 15 What indicators do you consider should be included in a monitoring and reporting framework?

Existing schemes are complex and often difficult to assess whether there are under-spends. The following indicators should be included in a monitoring and reporting framework:

- The use of DEAP (Dwelling Energy Assessment Procedure). There is Fuel Poverty Software attached to DEAP that could identify added value to social welfare and energy supplier systems. DEAP provides a comparison of what the household will use against what the household is capable of using (cost of use) - possible waste of energy.
- There are three broad categories of measurement: House Conditions and Efficiency; Household characteristics; and Energy Sources:
 - House Conditions and Efficiency: Existing insulation , existing appliances, water supply, water heating measures, space heating measures, lighting requirements, occupancy measures, glazing type, year of build, tenure, orientation of housing
 - Household characteristics: income, knowledge, time spent at home, excess winter mortality, subjective self reporting, and Employment status and working pattern, e.g. part-time, short time or fulltime, should be monitored to track if households are vulnerable to hardship.
 - Energy Sources: fuel type, options, energy costs
- Use of all indicators used by UK as noted in Annex 4 of the Consultation Paper.

Concluding Comments

While the Carbon Tax is an opportunity for environmental protection and enhancing financial resources for the Government, appropriate and adequate compensation is required for low income households. This has to be done as soon as possible and the Governments delay in identifying compensatory measures at this late stage is unacceptable. To compound matters, many poor households who up to now were protected by waste charges are now exposed to these costs, and water charges will also be levied soon on domestic households. As a result, we believe that 100% of the Carbon Tax Revenue should be ring-fenced to address Fuel Poor issues.

A second key concern for the group is about data relating to energy poverty, including comparability, currency, and relevance and providing information on housing conditions for all tenures and who exactly is fuel poor. The latter issue is of course linked to need for an appropriate, fair and comprehensive definition of energy poverty. Given the health impact of cold weather on mortality as evidenced by excess winter deaths in January and February of 2009, energy poverty is not merely an inconvenience, it can be - and often is – a matter of life and death (IPH, 2009).

The forthcoming Strategy will need to be underpinned by a detailed and ambitious implementation plan with clear indication of individual stakeholder responsibility for the timely and effective delivery of the plan. The Strategy also needs to have clear targets for the reduction and final elimination of energy poverty among at risk groups.