

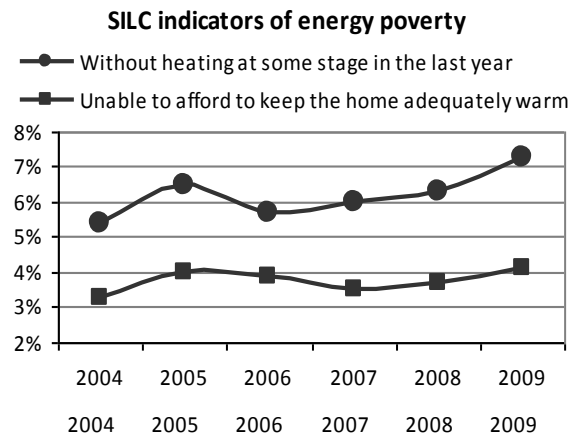
The Energy Poverty Coalition: Submission to Budget 2012

Introduction

The Energy Poverty Coalition believes that every household should be able to afford all of their energy needs and live in warm, comfortable homes that enhance quality of life and health.

We welcome the announcement from Minister for Communications, Energy, & Natural Resources, Pat Rabbitte T.D., that electricity and gas customers experiencing financial hardship will not be disconnected this winter provided they have entered a payment plan or have agreed to the installations of a pay-as-you-go meter. We believe the Minister should instruct the Regulator to make this arrangement binding over the coming winter months.

Data from the Survey on Income & Living Conditions¹ show that energy poverty has increased since the onset of the recession. In 2009 over 4% of people were unable to keep their homes adequately warm, while 7.3% had to go without heating at some stage in the year as they couldn't afford to pay for it. Indeed, given that these statistics are self-reported, which tends to result in under-reporting, we believe that real figures for energy poverty are significantly higher.



The data also show that energy poverty is highest in lone parent and single adult households. Therefore, the Energy Poverty Coalition stress that an adequately resourced strategy to address energy poverty, setting out a clear timeframe and actions, should be published as a matter of urgency. The social partners, NGOs, and other relevant organisations should be embraced as central actors in delivering the plan.

In the current economic climate, energy efficiency and retro-fitting programmes can be undertaken at lower cost, as well as providing valuable employment opportunities in 'green jobs'. To maximise the impact of such investment, it is also important to provide appropriate

training to open up green job opportunities to those who are themselves experiencing energy poverty.

Energy related welfare supports

Energy-related welfare supports – provided via the Household Benefits package and Fuel Allowance – are important policy measures to help poor households meet their energy needs. Both have been reduced over the last year. In Budget 2012 we call for:

- No further energy cuts to energy credits in the Household Benefits package
- No further cuts to Fuel Allowance
- A commitment to remodel the Fuel Allowance payment to enhance coverage of energy-poor households, including consideration of its extension to beneficiaries of Family Income Support (FIS), and to provide an adequate level of assistance to address energy poverty.

Carbon Tax

The National Recovery Plan commits to further increases in the Carbon Tax². This increase will come on top of a 9.4% increase in energy prices in the year to September 2011, with electricity prices increasing by 9.6%, while the price of liquid fuel (e.g. home heating oil) rose by 21.4%³.

It is clear that people in energy poverty, including the working poor, cannot withstand such cost pressures without state support. Despite a commitment by the previous government to alleviate the regressive impact of the Carbon Tax on low income households, no strategy has yet been put in place to address energy affordability.

The Energy Poverty Coalition recommends that Budget 2012:

- Introduce a mechanism to protect the poorest households from the Carbon Tax on an ongoing basis.
- Makes a commitment that revenue generated by the Carbon Tax will be used to address energy poverty, through income supports and energy efficiency measures for vulnerable groups.

Energy efficiency

Increasing energy efficiency in energy poor households is a key element of any strategy to address energy affordability. Supports to increase energy efficiency in the homes of low

income households who are not owner-occupiers, i.e. in both the social housing and private rented sectors, have a critical role to play addressing energy poverty.

The Energy Poverty Coalition is concerned about the suitability of Pay-As-You-Save initiatives for retro-fit programmes for low income homeowners. The additional expense on utility bills is simply not affordable for such households; alternative ways of supporting low income homeowners to enhance the energy efficiency of their dwellings are required. Pay-As-You-Save is also inappropriate for tenants, particularly low income tenants and those in the private rented sector.

The Programme for Government undertakes to double funding for home energy efficiency and renewables programmes until the end of 2013. It is important that this commitment is delivered upon and that a sizeable proportion is allocated in Budget 2012, prioritising energy-poor households.

Budget 2012 must:

- Maintain investment in the SEAI energy efficiency and retrofitting schemes targeting low income, as well as special needs, households, particularly those in the voluntary social housing sector.
- Incentivise improvements to the energy efficiency of private rented dwellings for social tenants⁴, through incentives (e.g. tax incentives) for landlords investing in the energy efficiency of properties⁵ with low Building Energy Regulation (BER) ratings⁶. It is critical however, that policies are structured so as not to does not interfere with or impact upon the supply of rentals for social tenants⁷
- Resource an information programme and one-one-one tutoring on managing energy costs and accessing energy efficiency grants, targeting people in energy poverty and those working with them.
- Resource the information systems required to adequately underpin and inform the implementation and regular review of the affordable energy strategy, including a National House Conditions Survey.
- Consider an oil stamp savings scheme for low income households dependant on domestic oil heating

¹ Central Statistics Office (2010) *Survey on Income and Living Conditions, 2009*. Dublin: Stationary Office

² From €15 to €25 per tonne in 2012, with a further €5 per tonne increase in 2014

³ Central Statistics Office (2011) *Consumer Price Index – Detailed Sub-Indices, September 2011*. Dublin: Stationary Office

⁴ i.e. tenants on the Rental Accommodation Scheme and tenants in receipt of Rent Supplement, including those for whom responsibility is due to be transferred from the Department of Social Protection to the local authorities.

⁵ The recently published National Housing Strategy for People with Disabilities recommended investigating the feasibility of offering incentives, particularly tax incentives, for appropriate adaptations of properties. A similar approach could be adopted in relation to promoting energy efficiency.

⁶ From 1st January 2009 a BER certificate became compulsory for all homes offered for sale or rent

⁷ Capital funding for increased supply of social housing, whether through local authorities or Approved Housing Bodies, is now severely restricted. This means that the private rented sector will be an important source of social housing supply in the short to medium term. It is therefore critical that energy efficiency upgrading for social tenants in the private rented sector is not structured in a punitive fashion, as this could result in a reduction in the number of landlords willing to rent to social tenants.