

Energy Poverty Coalition Pre-Budget Submission 2011

1. Introduction

Tackling energy poverty is the shared concern at the centre of this coalition of NGOs and civil society organisations. The group was established in September 2009 and since then we have worked towards combating energy poverty by liaising with Government in a variety of ways on the issue. The group includes representatives from a broad range of organisations:

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

understand that **Energy Poverty is the inability to meet domestic energy needs, including an adequate and safe temperature, due to a combination of lack of income, poor energy inefficiency in the home and energy prices.** A significant consequence of this is increased mortality (there are between 1,500 and 2,000 excess winter deaths each year on the island of Ireland) and increased morbidity (poor health or disability). As a result the Government needs to tackle the issue of energy poverty head-on.

In order to best tackle energy poverty, the Coalition has outlined five key points in our Submission which are as follows:

- **Carbon Tax**
- **Retrofitting Programmes**
- **Income Protection**
- **The Energy Affordability Strategy**
- **Tackling Rural Energy Poverty**

2. Carbon Tax

Despite explicit Government commitments to address the regressive nature of the **Carbon Tax**, introduced on domestic fuels on May 1st, the Carbon Tax continues to have a negative impact on people experiencing or at risk of energy poverty. No compensatory measures have been implemented or even identified at this late stage. The impact of the carbon tax on low income households (combined with the proposed introduction of a 5% increase in electricity prices in October) will push more homes into energy poverty. The failure of the Government to clarify when the carbon tax will be introduced on **solid fuels** is also causing households distress and uncertainty. And yet the tax raises revenues that provide the solution for poorer households. Therefore we believe that:

1. The Government must address the negative re-distributional effects¹ of the carbon tax on low-income households. This can be achieved by using funds generated by the tax for a **compensatory payment** of €3 per adult per week and €1.20 per child per week to energy poor households. This payment should be directed not only to those receiving the fuel

¹ The carbon tax is a regressive tax, affecting poorer and rural households disproportionately.

allowance but all social welfare recipients and working poor households as well as investing in domestic energy efficiency measures.

2. The Government must publish a **detailed breakdown** of how all **revenue raised** through the **Carbon Tax** is being used to tackle energy poverty.
3. Since the Government has yet to address energy poverty caused by the introduction of the carbon tax, it is essential that the 5% increase in energy prices, due to be introduced by the Commission for Energy Regulation in October, be postponed until a comprehensive range of compensatory measures is in place. These measures will **prevent people falling into energy poverty** following sharp increases in energy prices.

3. Retrofitting Programmes

We support the continued funding and roll-out of Retrofitting Programmes as a long-term strategy to tackle energy poverty, reduce energy demand and as a mechanism for creating local employment throughout the country. We urge that:

1. Current and future programmes must be **targeted** towards energy poor households, including the working poor in all housing sectors e.g. Voluntary Housing, Local Authority, Private Rented and Owner Occupier sectors.
2. A mechanism for targeting energy poor households is developed, using the **SEAI database**. A way of generating revenue for the expansion of the SEAI database of Building Energy Ratings (BERs) is to introduce **stronger financial penalties for landlords and homeowners** that should have a BER but do not.
3. **Identifying households vulnerable to energy poverty** is a key issue for retrofitting programmes. This is in keeping with recommendation 21 of the Joint Committee on the Management of Severe Weather Events in Ireland, where adequate resources must be provided to local authorities to develop and **maintain a database** of people vulnerable to the effects of severe weather in their jurisdiction.
4. Over a reasonable timeframe, energy efficiency of Housing units should be improved **to a minimum BER rating of C1 via the following initiatives:**
 - Comprehensive monitoring and measurement of retrofitting schemes and the development of **measurable outcomes resulting from schemes**
 - Adequately resourced Local Authorities enforcing building regulations and bringing **all local authority housing to the above standard**
 - More energy efficient **Rental Accommodation Scheme** rental housing and greater awareness of the BER ratings among those responsible for RAS units. The utilisation of retrofit grants should be encouraged in order to bring units up to the above BER levels.
5. The **Warm Homes Scheme** and **Warmer Homes Scheme Plus** programmes both receive increased funding to ensure national coverage.
6. The Government ensure capital is available to switch to fuel and heating systems that have long term benefits. Introduce a **Boiler Scrappage Scheme** where 75% of the costs are covered. Combine these with a **lowering of the VAT rate** on energy-efficient goods and services.
7. **Community-based** organisations continue to be centrally involved in the provision of energy efficiency schemes at a local level.

4. Income Protection

Income protection for households vulnerable to energy poverty and vulnerable to the health and social effects of energy poverty must be assured. Income supports must target lone parent households, older people, people with disabilities, the unemployed and the working poor. For a number of these groups, the **maintenance of the fuel allowance** and the provision of the **households benefit package** at their current levels is crucial. Since not all fuel poor receive Fuel Allowance, eligibility for the payment must also be widened to encompass other social welfare recipients, such as households on short term benefits and the working poor.

5. The Energy Affordability Strategy

We await the forthcoming publication of the Government's **Energy Poverty / Energy Affordability Strategy** and urge that **a reasonable budget, funded from the Carbon Tax, be assigned** to support its implementation over a designated time period. A budget is also needed to implement the National Energy Efficiency Action Plan, prioritising the energy poverty / affordability actions.

6. Tackling Rural Energy Poverty

Rural households are more dependent on fuels subject to the highest carbon tax. The introduction of the carbon tax has also increased the cost of transport. In addition the cessation of turf cutting risks pushing households into energy poverty. An **energy poverty compensation package** including options for alternatives and support to upgrade heating systems must be agreed for those no longer allowed to **cut turf from raised bogs**. These measures must be integrated into wider funding streams aimed at tackling rural energy poverty, and the Rural Social Scheme may also offer opportunities in this regard.

7. Conclusion

We believe that concerted, meaningful and integrated measures dealing with the issues we have outlined above will combat energy poverty in a sustained manner, improving the quality of life of the people we work with, assist, and for whom we advocate.

We believe that now is the best opportunity Government has to make energy more affordable and efficient for low income households given the revenue raised by the Carbon Tax, the development of compensation mechanisms for the Carbon Tax on poorer households, various Government Departments' involvement in the drafting of the Government's Energy Affordability Strategy, the need to reduce energy consumption and the establishment of the National Retrofit Programme for 2011 and beyond.