
Warm, Safe, Connected?

*Priorities to protect households
in energy poverty –
Policy, Practice, and Regulation*



Summary report



Society of St. Vincent de Paul

Produced by the Social
Justice and Policy Team

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Warm, Safe, Connected?

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Policy, Practice, and Regulation*

Summary Report

Full report with detailed recommendations can be found at:

www.svp.ie/energypovertyreport2023

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Introduction

Context

SVP has a long history of supporting people experiencing energy poverty. This includes through the financial crisis when levels of energy disconnections reached approximately 10,000 domestic customers in 2011, in the context of 24.5% of people throughout Ireland living in enforced deprivation.[1]

Over the last two years, soaring wholesale gas prices have pushed up domestic energy costs to unprecedented heights, and many people will have seen their electricity and gas bills double since prices began to rise in April 2021. An average electricity bill has risen from around €1000 in Spring 2020, to over €2100 now.[2]

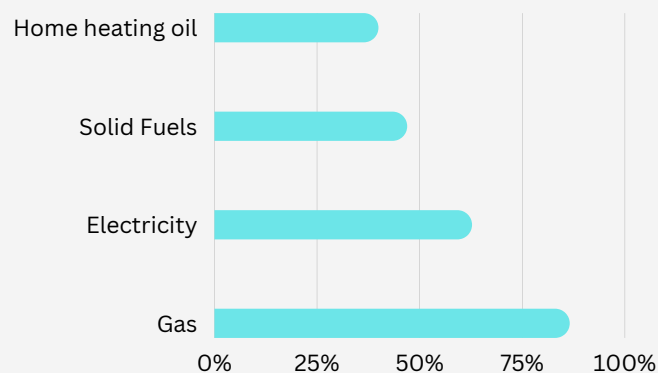


Figure 1: CPI increases in home energy (annual increase to December 2022)
Source: CSO (2022) 'Consumer Price Index December 2022'[3]

In Ireland almost 4/10 households use home heating oil for central heating[4] and have experienced serious price volatility in recent years: while the year ended on an annual rate of inflation of 39.9%, if a household had bought a fill of oil in March 2022, they would have experienced an inflation rate of 126.6%. If they bought their oil for the winter in September 2022, they would have been paying 83.8% more than the previous year[5]. Households reliant on solid fuels, either as their main heating source or as a backup, have seen the cost increase by almost half (46.9%) in the last year.[6]

This massive increase in the cost of energy has led to an acute level of need. SVP has seen energy poverty deepen amongst those who live on an income below the poverty line, and broaden to include households who might not have experienced difficulties before.

Requests for assistance to SVP

In 2022, SVP received almost 230,000 requests for assistance from members of the public. This was an increase of around 20% compared to the previous year. During our busiest time of the year the organisation received up to 1,200 requests per day.

There were significant increases in requests for help with energy (an increase of 40%) and requests from people needing help with more than one issue (an increase of 43% - most often this was a combination of help with food and energy).

We have heard from:

- Prepay customers using emergency credit, shocked at how little is left on the meter a few days after topping up
- The emotional and mental health impact of a rising tide of bills, or money on the meter feeling like its slipping through your fingers
- We hear about the interaction between energy and people's health: worry about the heating or electricity needed in cases where people have disabilities or ill health, and fear about the impacts on their health conditions (and concern for children) from living in cold or damp homes
- People having to cut back on minimum essentials: beyond heating, worrying about showers and using a cooker.

**These case studies illustrate some of the themes that arise when people seek assistance from SVP. They are based on composite examples and names and details have been changed.*

Case studies*

Neil lives with his partner and their three children. They pay for their gas on a prepay meter, and are now having to top up €10 or even more a day to cover their heating, hot water and cooking. They are having to choose between keeping the gas meter going or paying for food until Neil's pay comes through. Having to manage this trade-off is 'really hard' as there's just 'nothing spare'.

Maeve is a lone parent with two children aged 5 and 8. Her youngest has repeated respiratory infections and has been struggling to keep the home warm over winter. She received a gas bill of over 500 euro and contacted her supplier to see if they could offer support. She worked out a payment plan but "it's leaving me short on weekly food bills and my rent". Maeve says she doesn't want to go deeper into debt or risk being cut off but "her family budget is stretched to the maximum and it's making daily life impossible."

Rachel has a young child and a new baby and rents a house with central heating that runs on oil. She has been closely watching how much heating and hot water they are using to make the oil last, but she needs to keep her children warm and now the tank is empty. She has just received her electricity bill which she will not be able to pay in full, and is going to have to choose between paying as much as she can toward the electricity bill and finding money for oil.

The National Picture

The latest data shows energy poverty accelerating, reflecting the experience of SVP. This is demonstrated through expenditure indicators – with the ESRI calculating at least 29% of people in energy poverty, which could now be up to 40%[7] – and on deprivation indicators reported through SILC.

Official enforced deprivation statistics from 2022 show that the numbers of people unable to keep their home adequately warm more than doubled since 2021, rising to 377,000 people.[8] An additional 98,000 people went without heating – rising to almost 454,000 people, and an additional 118,000 people experienced arrears – 66,000 of these twice or more.

This paints the national picture, but the burden of energy poverty is not evenly distributed amongst households. This has been demonstrated many times, but SILC data shows this is also playing out throughout this energy crisis.

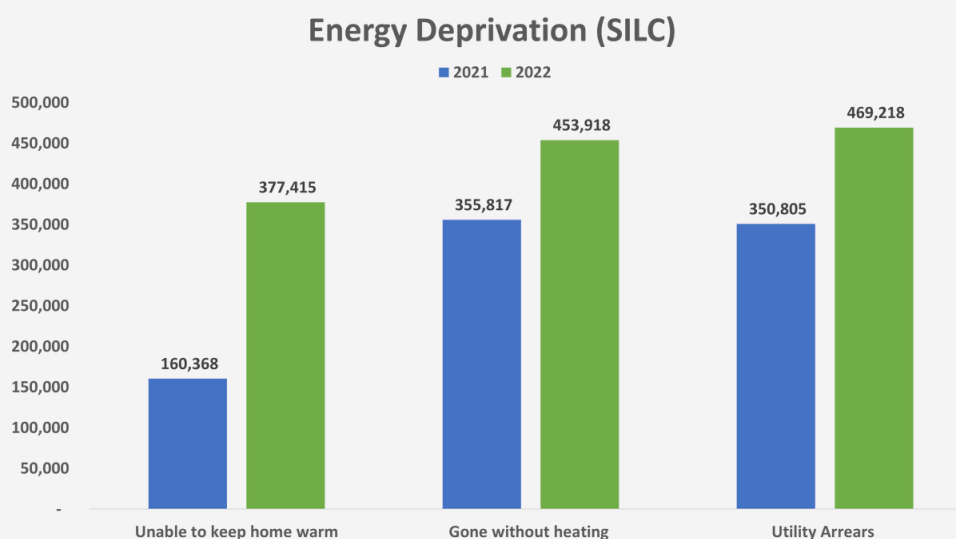


Figure 2: Numbers of people experiencing energy deprivation

Source: Survey on Income and Living Conditions (SILC): Enforced Deprivation 2022.

A concentrated crisis

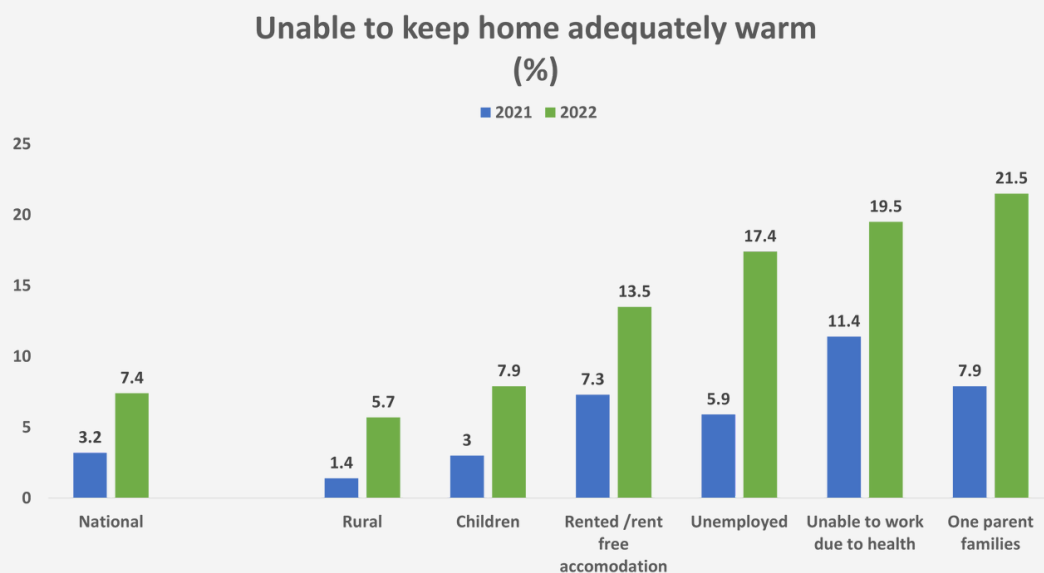


Figure 3: Unable to keep home adequately warm by demographic group.

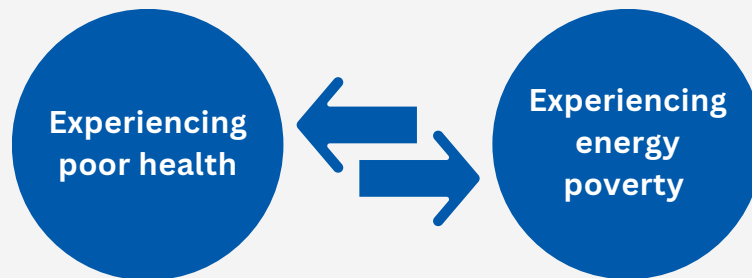
Source: Survey on Income and Living Conditions (SILC): Enforced Deprivation 2022.

Focusing on households who are not able to keep their home warm enough - which rose from 3.2% of people to 7.4% between 2021 and 2022 - the rate increased by more than 4 times for rural households, rising to 5.7 per cent. This was the most dramatic increase, however the highest rates of this deprivation experience are seen by one parent families, where more than 1 in 5 households couldn't keep their home warm enough (21.5% in 2022, rising from 7.9% in 2021), and those unable to work due to illness or disability with a very similar rate (19.5% in 2022, rising from 11.4% in 2021). We see similarly elevated rates for those who are unemployed, 17.4% weren't able to keep their home warm enough. Renters show a rate of 13.5%, almost double the previous year and almost three times the rate of owner occupiers (4.7%).

More widely, we know that energy poverty impacts some groups more than others: low-income households, one parent families, older households, children, people out of work due to ill health or disability, migrant and ethnic minority households, and members of the Traveller and Roma community. [9]

This concentration of hardship is something witnessed by SVP volunteers through visitation - it has been drastically exacerbated this year, but the patterns are not new.

The health consequences of energy poverty



This increase in energy poverty should send warning signals about the consequences for people's health.

Research has shown that between 1984 and 2007, Ireland had high levels of excess winter deaths, with 'strong associations' with a household living in fuel poverty and links to class, geography and demography.[10]

Energy poverty impacts on people's health through the direct impact of being cold on the body, as well as through deteriorating housing conditions such as living with damp and mould: 16.6% of the Irish population live in a house with a leaking roof, damp, or rot.[11] This leads to a range of health impacts associated with immune, respiratory and cardiovascular systems. [12]

Some health conditions and disabilities also necessitate increased energy expenditure leading to an unequal burden placed on these households: Indecon's landmark survey of the additional costs from living with a disability showed that in 2020, respondents were already paying on average an additional €635 for electricity costs and €828 for heating costs. [13]

Amongst children, research by SVP using the Growing up in Ireland study has also shown that the health impacts of energy poverty are also experienced by children, leading to increased risk of asthma (10% compared to 8%) and increased likelihood of having two or more courses of antibiotics in the last twelve months (38% compared to 24%).[14]

There is also evidence of the link between energy poverty and poor mental health, including amongst parents living with the stress of unmanageable energy costs having an increased risk of depression. [15]

Action we welcome and what is needed now

Welcome progress

- There is a new Energy Poverty Action Plan, outlining the range of actions being taken to help households most at risk from rising energy prices.
- We have seen important new consumer protections that recognise a range of risks customers at risk of energy poverty face within the market (including disconnection moratoriums, moving hardship meter customers on the cheapest tariff, planned expansion of the definition of vulnerability and extending repayment periods).
- There has been an increasing recognition of financial vulnerability and increasing communication to the public about routes to access support.
- Once off payments delivered to households in Autumn and Winter 2022 temporarily eased the pressure on households who were dealing with the impact of a year of inflation, which for many had already resulted in debt and hardship.

Missed Opportunities

- In real terms, the Fuel Allowance and other social welfare payments have decreased in value, not keeping up with prices. This means households having to pay more from less. Particularly, we are concerned that households on the Working Family Payment, and those recently unemployed, have not been adequately recognised as needing support as they do not receive the Fuel Allowance.
- There has been an overreliance on universal payments. While everyone has felt rising prices, it has not been a crisis for everyone. We haven't seen targeted price regulation through a social tariff, adequate income supports for those on low and fixed incomes or the introduction of new advice services.
- There is no energy poverty target, either statutory or otherwise. This reduces accountability of the Energy Poverty Action Plan, which lacks a long-term strategic focus.

What is needed now

- **STABILITY:** People in energy poverty are now living on lower real incomes, with prices set to remain high (including indications this could last until 2030[16]). Once off payments throughout this winter have helped, but they do not constitute a stable foundation for people on low incomes. Moving forward, supports need to provide a predictable, stable foundation for low-income households to manage their finances around.
- **INFRASTRUCTURE:** We need to focus on developing the necessary infrastructure to underpin medium- and long-term actions and make sure they have the most impact – infrastructure such as a new statutory consumer advocacy agency and introducing local community energy advisors.
- **VISIBILITY:** We need to make sure we have enough visibility of who is struggling, and how we can help them. This will be achieved through better data collection and monitoring and use of existing systems such as Vulnerable consumer protections, or who is in receipt of a means-tested Social Welfare payment.
- **EQUITY:** Longer term, retrofitting will reduce a significant contributor to energy poverty – the poor quality of too many people’s homes. However, there are serious concerns about the gaps in who will be reached, and how long measures will take to reach people. A commitment to targeting within all energy poverty responses, including retrofitting, means that we can reduce the gap in outcomes between households in energy poverty and those who are not.

Recommendations – Policy

The next two parts of this briefing set out the policy, practice and regulatory priorities that we believe are needed to protect households in energy poverty. They are summarised below:

Beginning with policy, we detail 6 areas for action for government:

1. Introducing a social energy tariff, targeted at households on means tested social welfare payments. This provides a medium-term solution that will bridge the gap between significant, but ad hoc, cash transfers from government, until the point at which households in energy poverty all live within retrofitted homes. A social tariff provides a targeted yet flexible mechanism to support households to access essential energy.
2. The adequacy of social welfare supports has been eroded throughout this period of inflation: we need to see the benchmarking of social welfare rates against what it costs to live a dignified life in Ireland, including accessing sufficient energy to stay warm at home. The rate of Fuel Allowance should be determined by a strong evidence base on the minimum energy needs of households. This is fundamental to addressing energy poverty.
3. Ensuring households who have accumulated significant debts (including arrears on bills and on prepay meters) have access to sufficient support to avoid a long-term legacy of indebtedness and reduced financial resilience amongst the poorest households in Ireland.
4. We call for the introduction of a new statutory Consumer Advocacy Agency, who amplifies the needs of consumers in a rapidly changing energy market through dialogue with the regulator, policymakers and suppliers, the development of new knowledge about how the energy market interacts with different groups of consumers, and oversight of the function of the market.
5. On the ground, people need a new source of support when they are experiencing difficulties meeting their energy needs. A Community Energy Advice service would provide a local, tailored service to support people to access the financial advice they need, to install ‘quick win’ measures, and to apply for appropriate retrofitting grants.
6. Finally, we highlight the remaining gaps in retrofitting support. This includes the ongoing lack of strategic action to address poor energy efficiency in the private rented sector: we welcome announcements of future regulation, but a clear pathway is needed to ensure tenants see the benefits of improvements in housing quality.

Recommendations – Practice and Regulation

The next section focuses on practice and regulation, where we set out our 6 areas of recommendations to energy suppliers and the energy Regulator. We call for:

1. A new consumer protection strategy from the Regulator that provides a multi-annual approach to increasing protections for customers in energy poverty and Vulnerable customers.
2. Improving measures to avoid disconnections for energy customers. Moratoria on disconnections in recent years have recognised that households having access to energy is an essential need: we need to make sure that during ‘business as usual’ practice is improving to protect customers from the threat of disconnection.
3. Offering affordable and sustainable repayment solutions for everyone in arrears, including greater monitoring of repayment plans.
4. Increased protections for prepay customers. At a time of rapidly rising energy prices, customers on prepay meters live with a much higher risk of disconnecting from their energy supply as they run out of credit on the meter. This requires clear direction and innovation from all actors, and should include provision of discretionary top ups, a targeted credit paid to hardship prepay gas customers, and to consider converting Emergency Credit debt into a waived credit.
5. A focus on supportive communications that enable engagement and recognise that households having difficulties meeting their energy costs might need additional assistance to engage.
6. Finally, there has been an increasing recognition that some customers are in a more vulnerable position within the energy market than others. This has resulted in an increased drive to publicise the 'Vulnerable customer' registers, and a policy commitment to increase the eligibility for the registers: we need to continue to develop the service and protections provided to these customers.

The full report with detailed recommendations can be found at:

www.svp.ie/energypovertyreport2023

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