



Action for Warm Homes

Northern Ireland

National Energy Action NI

Response to

Utility Regulator

Draft Forward Work Programme 2020-2021

February 2020



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About NEA

NEA is the national fuel poverty charity working to secure affordable warmth for disadvantaged energy consumers. NEA's strategic aims include influencing and increasing strategic action against fuel poverty; developing and progressing solutions to improve access to energy efficiency products, advice and fuel poverty related services in UK households and enhancing knowledge and understanding of energy efficiency and fuel poverty.

NEA seeks to meet these aims through a wide range of activities including policy analysis and development to inform our campaigning work, rational and constructive dialogue with decision-makers including regulatory and consumer protection bodies, relevant Government Departments, the energy industry, local and national government and we develop practical initiatives to test and demonstrate the type of energy efficiency programmes required to deliver affordable warmth.

NEA is primarily concerned with energy policy whilst maintaining a watching brief on social justice policies including income inequalities and levels of poverty in Northern Ireland.

Protecting vulnerable customers is our key aim so we work both reactively and proactively to ensure policy makers and regulators recognise the needs of the vulnerable in its widest sense. With tighter household budgets it is more important than ever that consumers are getting the best deal. Paying for domestic energy makes up a substantial portion of total household expenditure, so it is of specific concern to us but is often relegated in the ever-busy policy environment.

Background

Based on the 2016 House Condition Survey, Northern Ireland has a rate of fuel poverty at 22%. It is also estimated that there are approximately 43,800 households in extreme fuel poverty, which means they need to spend over 15% of their total income to heat their homes. Additionally, one in five households in Northern Ireland are living in poverty.

The cold kills, and between August 2017 — July 2018 there were 1,500 excess winter deaths in Northern Ireland. According to the World Health Organisation (WHO), a third of these deaths are directly attributable to living in cold damp homes.

Additionally, and unique to Northern Ireland, 68% of all households are reliant on home heating oil, a non-regulated fuel. This leaves many households in a precarious position and we believe that this industry needs some form of oversight to ensure adequate protection for vulnerable consumers.



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Furthermore, we fear that due to Brexit, the fluctuating pound and any increase in wholesale costs which while affecting all fuels, will impact oil prices in the immediate term and put severe hardship on individuals and families.

Response

We welcome the opportunity to respond to The Utility Regulator's Draft Forward Work Programme (FWP) 2020–2021.

NEA works closely with the UR across many aspects of work, but especially in relation to consumers and policy development, also with the view to empowering consumers and communities.

We have made some comments around the objectives in the draft Forward Work Programme and have made some suggestions, which we hope are helpful on priority projects, which we believe may enhance the Forward Work Programme 2020–21.

The UK left the European Union (EU) on the 31st January and begins a transition stage. The Withdrawal Agreement sets out the terms for an orderly exit, but it remains a mammoth policy area for Northern Ireland. As highlighted in the UK Government Impact Assessment published in October 2019, expected higher business costs could result in higher prices for NI consumers purchasing goods from GB and Ireland. This is a grave concern for NEA and we will work in partnership where possible to design and develop appropriate responses to try to mitigate these impacts. We welcome the focus that the UR has given this issue.

We are pleased to see the research currently being planned on the needs of vulnerable consumers and consumer protection in relation to the energy transition. The data and evidence will be vital to key policy makers and the recently restored NI Executive. This will be integral in shaping and consulting with both the Energy Strategy and forthcoming Fuel Poverty Strategy. We are also keen to obtain more detailed information and data around vulnerable consumers' use of pre-payment meters and self-disconnection.

The Consumer Vulnerability Working Group (CVWG) is now well established in its role within the Utility Regulator (UR) and the Industry with the aim to improving policies and practices in utilities. We also welcomed the opportunity to engage with the Board last month and we welcome the support gained to look into the role of domestic prepayment meters in Northern



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Ireland. With currently 45% PPM customers in the electricity market and 62% in Gas Greater Belfast and 82% in Gas Ten Towns, we believe there is a need for further exploration into the ranges of aspects of coping with a ppm. We need more of an understanding of self-disconnection, rationing, consumer behaviour, accessibility, ease of use, PayPoint issues and many other aspects.

As mentioned, Brexit remains a significant policy area for Northern Ireland, so we are grateful the Utility Regulator (UR) has placed this area at a very high level working with UK Government to highlight the many out-workings and potential consequences of our exit from the EU. The narrative to date has been that our exit could place upward movement on the price of energy, alongside welfare reforms, will place householders under tremendous financial stress. It is therefore reassuring that the UR is working to ensure consumer protection is paramount throughout the Brexit process.

With the publication of the new Energy Strategy Call for Evidence, this is a pivotal moment for the energy sector and in particular, the UR. In this changing landscape, it is crucial that the UR protects low income and vulnerable consumers and that the cost of these changes is fairly distributed across energy bills. All those contributing to the change should benefit from the decarbonisation agenda. With the high cost of decarbonisation, thought needs to be given to options to mitigate the impacts of fuel poverty.

The journey of energy transition will not be an easy one and we envisage a need for largescale education and awareness raising to keep consumers informed throughout. A roll out of retrofitting and low carbon heating systems will eventually take place. What that will look like remains to be seen, however we at this point want to lay down essential principles that protect the lowest incomes and those at risk or living in fuel poverty from the outset.

The role that programmes such as the Northern Ireland Sustainable Energy Programme (NISEP) plays is fundamental. Throughout the 2019 review process we engaged and responded to the consultation and look forward to hearing the findings from the process.

NEA's Energy Justice Campaign (EJC) has worked persistently to highlight the importance that the NISEP continues to play as a key intervention in improving energy efficiency, particularly in vulnerable households and with the extension announced for the programme to



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be retained until 2022, we would like to take this opportunity to reiterate how the programme provides better outcomes for families and communities by providing warmer healthier homes.

We therefore reiterate our call to keep the NISEP in place until such times as an alternative scheme is developed on foot of the review process which holds to the principle of energy justice, ensuring that the lowest income households who pay proportionately more into the NISEP, are assisted first with energy efficiency interventions.

Improvements in energy efficiency puts downward pressure on bills and have wider economic and societal benefits. The programme alleviates fuel poverty, promotes efficiency in the use of energy and enables socially and environmentally sustainable long-term supplies, whilst at best value to consumers having due regard to vulnerable consumers.

Much of our working relationship with the UR is under the directorate of Retail and Consumer Protection. We are pleased to see the progress of the projects within the CPP progressing and are glad to see the introduction of the debt communication review among many others.

Once again, we thank you for the opportunity to respond to you with these comments. We look forward to maintaining and sustaining our working relationship with The Utility Regulator.

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Appendix: Fuel Poverty Overview

- Fuel Poverty is the nexus of 3 factors; low income, high energy price and energy inefficiency.
- Fuel Poverty has multiple consequences including mental and physical health impacts.
- 1,500¹ excess winter deaths occurred across Northern Ireland in 2017–2018 with 30% attributable to living in cold homes².
- Improving the energy efficiency of the house is the most effective way of reducing fuel poverty, alongside maximising income and reducing the cost of energy to the householder.

The latest Northern Ireland Housing Executive House Condition Survey was released in May 2018 and provides an overview of the housing stock in Northern Ireland, as well as the latest fuel poverty statistics.

Key findings:

- There are approximately 780,000 domestic dwellings in Northern Ireland.
- Owner Occupier is the largest tenure at 63% with the Private Rented sector and Social Housing sector at 17% and 16% respectively.
- **Fuel Poverty decreased to 22%, 160,000 households.**
- **The mean SAP rating improved from 59.63 in 2011 to 64.84.**
- 99% of dwellings had central heating.
- Oil remains the largest type of heating source at 68% of households.
- More than half (52%) of households living in old properties (Pre–1919) were living in fuel poverty.
- 55% of households living in fuel poverty had an annual income of less than £10,399.

¹ <https://www.nisra.gov.uk/publications/excess-winter-mortality-201718>

² http://www.euro.who.int/_data/assets/pdf_file/0003/142077/e95004.pdf