



Action for Warm Homes

Northern Ireland

**National Energy Action NI Response to
The Utility Regulator
Forward Work Plan
2019/20**

February 2019

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 relative poverty and 19% of working age adults in the private rented sector spend more than a third of their income on housing¹.

¹ Joseph Rowntree Foundation, Poverty in Northern Ireland, 2018

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 have key concerns that this industry needs some form of investigation to ensure that 'we are protecting vulnerable consumers, we are improving trust in the market and we are promoting better competition'. At present, we are concerned and have anecdotal evidence that all of the above have been compromised to some extent across Northern Ireland.

Furthermore, we expect that due to Brexit, the falling pound and the recent increase in wholesale costs which while affecting all fuels, will mainly impact oil prices in the immediate term which will cause catastrophic impacts and put severe hardship on individuals and families. Recent increases have demonstrated that already, prices are rising steadily.

Response

We welcome the opportunity to respond to the Utility Regulator Draft Forward Work Programme 2019/2020 (FWP). NEA made a substantial response to the review of the Consumer Protection Strategy (CPS) recently, so many of our points will be echoed in this response.

Brexit remains a mammoth 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 will place upward movement on the price of energy, which 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.

Alongside this external factor is the energy transition, which will see decentralisation of electricity networks, an increased number of electricity suppliers and digitisation will drive engaged consumers and disruptive energy technologies will also drive significant change. 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 and as such the role that programmes such as the Northern Ireland Sustainable Energy Programme (NISEP) plays is fundamental. Protected block tariffs could also be an option or if a carbon price were introduced, the monies raised could be used to mitigate the adverse impacts on fuel poverty from higher fuel and heating costs. These are crucial issues that the UR will be best placed to trace and track through their Retail Energy Market Monitoring (REMM) processes and we therefore call on your office to place the customer up front and central in all these areas and place the appropriate dedicated resource to deal with these consumer protections to deliver the informed choice and fair outcomes as outlined in the FWP.

And in relation to the external landscape, last but not least, is the longstanding absence of the Northern Ireland Executive. As the document outlines, the Energy Framework Strategy is due to end in 2020 and the renewable targets beyond 2020 need to be established as part of the Clean Growth Strategy. The need for the return of a fully functioning Executive is fundamental to moving this agenda forward, especially for important strategies considering the Clean Growth and Decarbonisation agenda.

NEA continues to campaign for everyone in Northern Ireland to be able to meet their energy needs at home. We are therefore very pleased with the fourth extension to the NISEP.

The review of the NISEP is in progress and having responded to the initial Call for Evidence in 2018, we look forward to working with the UR throughout this financial year towards Objective 3:5, to work with partners to assess energy efficiency gaps and begin to design any successor arrangements to the NISEP. 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 fourth extension announced for 2019/20, 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, 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. As mentioned, we responded to the '*Consumer Protection Programme Review and proposed new Consumer Protection Programme*' and we wish to ensure that appropriate resources are in place to support same within this extensive programme of projects. We expressed disappointment that a number of projects had been removed due to the parameters of delivering the Strategy and we feel that important projects such as the Energy Efficiency Code of Practice (CoP), Debt Communication Review and the Review of Critical Care for Suppliers should remain within the Programme. Therefore, adequate resources should be directed at these projects.

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 now and into the future.

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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.
- 1,500² excess winter deaths occurred across Northern Ireland in 2017-2018 with 30% attributable to living in cold homes³.
- 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.

² <https://www.nisra.gov.uk/publications/excess-winter-mortality-201718>

³ http://www.euro.who.int/_data/assets/pdf_file/0003/142077/e95004.pdf