



Action for Warm Homes
Northern Ireland

**National Energy Action NI Response to the
Competition and Markets Authority
Annual Plan
Consultation 2019/20**

January 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 33,000 households in extreme fuel poverty which means they need to spend over 25% 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 all things related to Brexit, including 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.

Those households reliant on gas and electricity have some comfort in the role that the Utility Regulator (UR) plays in driving down costs however there is no agency fulfilling this role in Northern Ireland for domestic home heating oil. We therefore welcome the Competition & Markets Authority’s (CMA) increased profile in Northern Ireland and commend your commitment to stamp out unfair practices and stop people being “ripped off”. **To that end we call on the CMA, in the first instance to carry out a review into the oil industry in Northern Ireland.** Like the loyalty penalty highlighted by the Citizens Advice in their super complaint to the CMA, loyal oil customers here appear to be paying a higher tariff than the savvier consumer and a range of other issues have been highlighted as follows.

- Knowledge of market – many consumers are unaware of choice in tariff and supplier;
- Payment methods – potential lack of knowledge and better deals for larger volumes of oil purchase and in certain cases, online direct debit for gas and electricity customers;
- Inability to secure a low vend from oil suppliers;
- Vulnerable households purchasing 25 litre oil drums from petrol stations at up to 3 times the price per litre which can be secured with larger vends;
- High prevalence of energy theft with many unaware of the serious ramifications;

- Differing prices of oil cross the country with no apparent rationale as to why;
- Lower income consumers paying more due to purchasing lower volumes;
- Long term customers not moving to better tariffs i.e. loyalty penalty.

Consultation Questions

To what extent do you agree with the overall direction and areas of focus for the CMA set out in the 2019/20 draft Annual Plan?

- **Is there anything more you think we should do during 2019/20?**

Yes, as above a probe into the oil market and the potential for more transparent on pricing system from barrel to tank is a vital intervention for Northern Ireland. This would help understand the industry and help build trust among consumers within a market that is at the heart of people's everyday lives and plays such an important role in the health and wellbeing of homes.

- **Is there anything you think we should de-prioritise during 2019/20?**

No

- **Are there specific commitments or objectives you would like to see in the CMA's final Annual Plan?**

As above.

We look forward to the next stage of this process.

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