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RECOMMENDATIONS TO TACKLE THE ENERGY CRISIS IN NORTHERN IRELAND



Action for Warm Homes

Northern Ireland is in the midst of an Energy and Cost of Living Crisis. Between September 2021 and March 2022, the cost of 900 litres of Home Heating Oil has risen from £454.75 in December to £1181.53 in early March. During this same time Electricity and Gas prices have also jumped up by as much as 50%. Households now face average combined energy bills of over £2000 per year. Despite these challenges households in Northern Ireland have been faced with shouldering welfare cuts, stagnant wages, rising inflation and the impending increase in National Insurance, causing people to struggle more and more.

NEA therefore welcomed the launch of the Department for Communities' 'Emergency Fuel Payment Scheme' and the 'Energy Payment Support Scheme' as support for fuel poor households is needed now more than ever. However, we are hugely concerned that the extent of the cost-of-living crisis in Northern Ireland is so deeply damaging that the allocation of funding to these schemes alone falls significantly short of what is required to mitigate the worst impacts and prevent households from falling deeper into fuel poverty.

Over the last number of months, NEA has experienced a significant rise in the number of households seeking emergency support. Unfortunately, we expect this trend to continue as we believe as many as 40% of households might now be struggling due to the spiralling energy costs.

'Urgent action is needed to improve health outcomes and support the most vulnerable people who are at most risk of needless death and morbidity.'

- Fuel Poverty Coalition NI



Ahead of the upcoming Assembly Election, NEA are calling on politicians to commit to tackling the Energy Crisis head on. Below, we outline our key asks which we believe will assist in easing the pressures on vulnerable households in Northern Ireland, both in the short and longer term.

1. Make a commitment to ensure money allocated to Northern Ireland through the Barnett formula is spent on measures to tackle the Energy Crisis.

In February 2022 the Chancellor announced a discount to energy bills across England, Scotland and Wales, and a Council Tax Energy Rebate in England. These initiatives will help ease the burden for many households in the UK. However, households in Northern Ireland are yet to see any widespread support. Consumers have had to weather price rises for several months meaning that they have been significantly disadvantaged when compared to the rest of the UK. The Chancellor's announcement means that Northern Ireland is set to receive £300 million through the Barnett Formula.

NEA is calling on our local politicians to commit this funding to support householders during the Energy Crisis. Should further resource be allocated as a result of additional support measures in GB, then this too should be committed to tackling fuel poverty in Northern Ireland.

2. Commit to the delivery of a new and ambitious Fuel Poverty Strategy for Northern Ireland.

The existing Fuel Poverty Strategy for Northern Ireland is now over a decade old and can no longer be considered fit for purpose. Northern Ireland is the only region in the UK that doesn't have a fuel poverty target, and there is little in the way of strategic action to address our fuel poverty problem. Vulnerable households have been left in the cold for far too long and NEA think enough is enough. We are calling on our politicians to do all they can in their power to ensure this vital government strategy is progressed with all the urgency it requires.

The Northern Ireland Fuel Poverty Strategy must;

- Establish a practical fuel poverty target for Northern Ireland that seeks to improve the minimum energy efficiency rating of fuel poor homes to Band C, by the end of 2030.
- Set minimum energy efficiency standards in the domestic private rented sector (PRS). We believe that an EPC rating of Band C for properties within the PRS should be the considered target.

“Northern Ireland needs a detailed and costed fuel poverty action-plan setting out how and when fuel poverty will be eradicated in Northern Ireland; and to provide continued support to households in severe fuel poverty to stay warm until fuel poverty is eradicated.”

Pat Austin, Director of NEA NI

3. Establish a Fuel Poverty Taskforce with immediate effect.

A Fuel Poverty Taskforce will bring together industry leaders, policy experts, government and expert charitable organisations to work proactively on actions to mitigate the worst impacts of the Energy Crisis. The £2million Fuel Payment Scheme demonstrates what can be achieved when cross sectoral organisations collaborate. However, we believe a number of the problems associated with the scheme could have been further avoided if key stakeholders, including NEA, were consulted in the design process. Government, Industry, and the Advice Sector will all have an equal role to play in supporting people through the crisis. A Taskforce will help ensure a strategic and joined up approach.

4. Embed the 7 key asks outlined by the Fuel Poverty Coalition NI in Government Policy to help eradicate Fuel Poverty in Northern Ireland.

In August 2021 the Fuel Poverty Coalition (FPC) published their [Manifesto for Warmth](#) in response to the Department for Economy's consultation on the new Northern Ireland Energy Strategy. This document outlines 7 key asks which will go a long way to helping tackle fuel poverty and ensure a 'just transition' to decarbonisation in Northern Ireland.

5. Consideration should be given to the Introduction of the Warm Home Discount scheme (or equivalent) in Northern Ireland.

The WHD provides for mandatory social price support to reduce energy bills for the most vulnerable. Qualifying households in GB receive a £150 discount on their electricity bill between October and March. Each year the scheme supports 2 million homes, helping more than 600,000 poorer pensioners¹. Currently vulnerable households in Northern Ireland do not receive this support.

¹ David Hough (2016), 'The Warm Home Discount Scheme' Briefing Paper, House of Commons Library, Accessed Online: <https://researchbriefings.files.parliament.uk/documents/SN05956/SN05956.pdf>

6. Carry out a review of the current system of regulation in Northern Ireland and assess how this compares with the protections provided by the Energy Price CAP system in GB.

The price cap sets a limit to how much energy firms can charge customers for gas and electricity and was introduced in 2019 to help households who do not regularly switch suppliers. Ofgem, the energy regulator, determines the level of the cap twice a year, and it is adjusted in April and October. Crucially this means price rises are passed through to consumers at set periods, meaning consumers have more time to prepare and react. In contrast, in Northern Ireland we have seen a rapid rise in energy prices throughout the winter months. This has meant many consumers have been caught unaware and have faced extended hardship this winter. This is yet another example of households in Northern Ireland being further disadvantaged in comparison to their GB counterparts, as they cannot avail of the additional protections provided by the price cap.

7. Ensure price protections for Home Heating Oil consumers and implement a new social tariff to help make energy more affordable for a discrete and well-defined set of energy customers.

In Northern Ireland home heating oil is an unregulated fuel. This means there are no price protections in place to protect consumers. Over the last 6 months the price of 900L of oil has risen from £454.75 in December to £1181.53 in early March putting many households under increased pressure.

In the 2000s, the UK Government and Ofgem introduced voluntary social tariffs in the energy sector as a form of 'social price support' for vulnerable consumers. This represented an attempt by Government to protect the poorest consumers from fuel price rises without the need to interfere in the market or invest excessive amounts of public money.

A new social tariff should:

Be targeted at those most in need - The social tariff must be available to the most vulnerable customers. Low-income and vulnerable households that use prepayment (especially those using legacy prepayment meters) currently see significant detriment in the precarious nature of how they secure their energy.

Reduce costs - A social tariff must help vulnerable consumers reduce their energy costs and be priced below the default tariff.

Auto-enrolled - To ensure that consumers who are not engaged in the energy market or are not supported by suitable energy advice do not get left behind, any social tariff should be based on auto enrolment for those deemed eligible.

8. Extend the Winter Fuel Payment Scheme to include all those entitled to the Cold Weather Payment.

An individual is entitled to get a Cold Weather Payment if they are getting; Pension Credit, Income Support, Income-based Jobseeker's Allowance, income-related Employment and Support Allowance, Universal Credit, Support for Mortgage Interest.

9. Suspend VAT on energy bills and fuel bills temporarily to support the many families and businesses facing additional hardships this winter.

The Executive must continue to lobby the Chancellor to reconsider the decision not to suspend VAT on energy bills. According to research by Uswitch², working from home requirements and lockdowns mean households must spend significantly more on home energy costs. It is estimated that the 11m people on poor-value Standard Variable Tariffs (SVTs) for their gas and electricity would end up spending an extra £16 a month on energy - equivalent to £195 a year. In Northern Ireland the impact of this is even greater, as rising energy prices have already been passed through to the consumer.

10. Work with the Utility Regulator and the Energy Industry and establish pathways to identify self-disconnection.

The huge prevalence of prepayment meters in Northern Ireland means our households are at much greater risk of self-disconnection during times of acute energy price hikes. Despite this there is little information available to identify which households are at immediate risk. This should be tackled as a matter of priority to safeguard the most vulnerable. The FPC believe that our energy companies and network operators in NI have a key role to play in this regard.



² Stay-at-home Britons could spend an extra £52m a week on energy bills (2020), Accessed Online: <https://www.uswitch.com/gas-electricity/news/2020/03/24/working-from-home-energy-bills/>