



Action for Warm Homes

Northern Ireland

National Energy Action NI

Response to the

Utility Regulator's Draft Forward

Work Programme 2021-2022

February 2021



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. The impact of covid-19 will have greatly increased these numbers with the full significance yet to be known.

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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Response

We welcome the opportunity to respond to The Utility Regulator's (UR) Draft Forward Work Programme (FWP) 2021–2022. We agree with the context that the paper outlines and we believe the projects identified are required. The role of the UR has never been more necessary across all the contextual areas including, Brexit, Covid-19, delivering net zero and the future policy and strategy required to protect the interest of consumers.

Covid-19 has exposed the stark inequalities that exist in our society and while this is not surprising to many of us, it is scandalous that it took a Pandemic to shine a light on deeply entrenched health inequalities, such as those living cold and damp homes. We need to use all policy levers to protect the interests of consumers across electricity and gas and with 68% of households reliant on domestic home heating oil, we call on the UR to use its influence to look at how it can extend these protections across the oil sector.

With the developing pathways to deliver net zero, it will also be crucial that the UR's role is fit for purpose and that the necessary powers required to protect consumers are provided to ensure that the market produces fair outcomes for consumers and that the necessary protections are put in place for the vulnerable. The move to net zero must enshrine the principles of a just transition leaving no one behind and also ensure that those contributing to the change should benefit and with the high cost of decarbonisation, thought needs to be given to options to mitigate the impacts on fuel poverty.

The Northern Ireland Sustainable Energy Programme (NISEP) continues to be fundamental for fuel poor homes. 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. NEA's Energy Justice Campaign (EJC) has worked persistently to highlight the importance that the NISEP and the welcomed extension takes the NISEP to March 2022. We therefore call for clarity on the future of the NISEP but in the interim, we reiterate our call to keep the NISEP in place until such times as an alternative scheme is developed.

We welcome the UR's commitment to working with the Department for the Economy (DfE) on the emerging Energy Strategy. This provides us with comfort as to date, the UR has been instrumental in the development process bringing strategic insights and structure to this difficult process. This is a crucial strategy for Northern Ireland and the UR should ensure that the resources are put in place to maintain and sustain their involvement, ensuring that the consumer is upfront and central when developing and implementing the necessary policies to deliver net zero. We look forward to working closely with the UR and other key players to see this work through the next stages.



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We also call on the UR to work with the Department for Communities (DfC) on the consultation on the new and emerging Fuel Poverty Strategy, which is imminent.

We welcome the research currently being planned on consumers and consumer protection in relation to the energy transition. This will be helpful 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 (PPM) and self-disconnection. NEA raised the issue of PPM's with the UR's Board in January 2020 and secured an agreement for some work on the high prevalence of PPM's (45% PPM customers in the electricity market and 62% in Gas Greater Belfast and 82% in Gas Ten Towns), understanding of self-disconnection, rationing, consumer behaviour, accessibility, ease of use, PayPoint issues and many other aspects. Understandably this work was delayed due to the Pandemic, however, the nature of the Pandemic shone a spotlight on the inadequacy of the 'dumb' gas PPM's, which included the need to physically remotely top up with an individual needing to take the prepayment card to a PayPoint, the maximum vend of £49, the individual needing to take the card to the meter, which is normally positioned outside the house. NEA submitted a communication to the UR with the range of PPM problems we encountered during the Pandemic and we call on the UR to specifically look at these issues, with a view to bringing our meters into the 21st century, one of your stated strategic objectives. Alongside these current issues, how will PPM's sit alongside the new systems required to deliver net zero. Will it be appropriate to have a PPM and a ground or air source heat pump?

Finally, we welcome the continued work of the Consumer Vulnerability Working Group and look forward to the partnership opportunity this provides NEA and others to provide advocacy for consumers and liaise with industry.

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 you 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.
- 1,500¹ 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