



Action for Warm Homes
Northern Ireland

**National Energy Action NI
Response to**

CCNI Draft Forward Work
Programme 2022-23

February 2022

About NEA

National Energy Action (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 consumers 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

Unfortunately, many households in Northern Ireland face the prospects of cold homes, especially during the winter months. Based on the 2016 House Condition Survey¹, 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.

Energy prices have undergone an unprecedented rise during 2021-22, and this looks set to continue for at least 18 months. We know that Northern Ireland continues to have amongst the lowest levels of household income across the UK and the highest weekly household expenditure on energy of any UK region. Taken in conjunction with challenging economic conditions as well as the ongoing global pandemic, many families continue to face challenges with meeting their energy costs. These pressures are further amplified by the ongoing energy crisis, which has seen fuel prices soar to record levels.

¹ Northern Ireland Housing Executive (2016) House condition survey: <https://www.nihe.gov.uk/Documents/Research/HCS-2016-Main-Reports/HCS-Main-Report-2016.aspx>

Unfortunately, this means that many households in Northern Ireland face the prospects of living in cold homes for long periods of time, especially during the winter months. Homes play a crucial role in ensuring the health and well-being of individuals and households, and NEA believe that everyone in Northern Ireland should be entitled to live in a warm, safe, and healthy home.

We know that the cold kills. The Northern Ireland Statistics and Research Agency (NISRA) estimate that the Excess Winter Deaths (EWD) for 2020/21 was approximately 1,120². The same report details that there were 6,340 deaths in Northern Ireland in the winter period of 2020/21, which is the second highest number of winter deaths in the last 10 years.

Studies show there is a relationship between EWDs, low thermal efficiency of housing and low indoor temperatures³. EWDs are almost three times higher in the coldest quarter of housing than in the warmest quarter. We know that deaths from cardiovascular diseases are directly linked to exposure to excessively low indoor temperatures for long periods of time. This is because temperatures below 12 degrees Celsius result in raised blood pressure⁴. There is increasing evidence to show that children living in cold homes are more than twice as likely to suffer from a variety of respiratory problems than children living in warm homes. Exposure to cold increases the level of minor illnesses such as colds and flus and exacerbates existing conditions such as arthritis and rheumatism⁵. To put it simply, we know warm homes are vital for ensuring good health and wellbeing.

Response

The Consumer Council for Northern Ireland (CCNI) plays a fundamental role in providing vital information, advice and advocacy for all consumers in Northern Ireland, with a focus on vulnerable consumers. This work has great importance for NEA and many organisations throughout Northern Ireland, both strategically and operationally, and we welcome the opportunity to respond to this Draft Forward Work Plan 2022–2023.

Energy policy in Northern Ireland is set to embark on the most dramatic period of change in Northern Ireland's history. Whilst this change will bring many opportunities for energy consumers including access to clean fuels, the roll out of new home heating technologies and improvements to the existing energy infrastructure; it also presents a number of challenges and risks for which consumers will need support to overcome. Within this context the Consumer Council will have a hugely important role to play in the years ahead.

² Northern Ireland Statistics and Research Agency (NISRA), Excess Winter Mortality NI Report 2020-21. Accessed online: https://www.nisra.gov.uk/system/files/statistics/Excess%20Winter%20Mortality%20Report%202020_21.pdf

³ Marmot Review Team (2011), The Health Impacts of Cold Homes and Fuel Poverty

⁴ Department of Trade and Industry (2001), The UK Fuel Poverty Strategy. London: DTI.

⁵ El-Ansari W and El-Silimy S (2008) Are fuel poverty reduction schemes associated with decreased excess winter mortality in elders? A case study from London, UK. *Chronic Illness*, 4(4), pp.289–294.



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NEA agree with the overall focus of the FWP plan and given the very challenging external environment, we believe that CCNI have identified four correct priorities in decarbonisation, COVID-19, EU exit and digitalisation. However, given the ongoing volatility of energy market, and the warnings from the UR to expect prices to remain tumultuous for at least another 18 months, we believe there is now a strong case for the inclusion of a fifth distinct priority which would reflect supporting consumers through the immediate hardships of the 'Energy Crisis'.

Whilst we recognise that aspects of the 'Energy Crisis' can be reflected within the other priority areas, it is clear from our on the ground engagement with householders that the scale and scope of the crisis runs so deep that urgent interventions are required. Furthermore, we believe that there is real and pressing need to ensure a strategic and joined up approach to tackle this crisis if we are to have any hope of mitigating the worst impacts on vulnerable consumers. NEA along with other members of the Fuel Poverty Coalition have been calling for the establishment of a Fuel Poverty Taskforce, and it is our opinion that CCNI could and should, play a leading role within this group.

The recent volatility within the home heating oil market in Northern Ireland has highlighted the failure of our energy system to protect over two thirds of households in Northern Ireland. The rapid rise in prices witnessed in early March have caught many consumers unaware and forced additional hardships on those who were already suffering the most. We need to utilise all policy levers to protect the interests of consumers across electricity and gas and especially those 68% of households reliant on domestic home heating oil. NEA call on the CCNI to use its influence to look at how it can extend protections across the oil sector. We do acknowledge the excellent work that CCNI currently carry out in relation to the oil comparison online which we promote and encourage individuals to use.

At NEA our strategic focus is around protecting vulnerable households and prioritising via the 'worst first' model. That said, to do this effectively, we need to understand the issues to design and develop appropriate policy options. We therefore welcome the ongoing commitment from CCNI to undertake best practice research to identify and quantify emerging risks to consumers. Unfortunately, Northern Ireland is woefully underequipped in terms of understanding the impacts of fuel poverty and the energy crisis. The most recent House Condition Survey was carried out in 2016, and the latest modelled figures we have for the fuel poverty rate are for 2019, before the Coronavirus pandemic and the energy crisis. This means politicians, government and advice agencies cannot accurately assess the situation, which we believe is reflected by the slow roll out of interventions. NEA encourage CCNI to do all they can to try and help develop a better understanding of fuel poverty rates in Northern Ireland.

We also believe there is a need for further exploration into the range of aspects of coping with a PPM. To date we still do not have enough information to adequately assess the degree of self-disconnection, rationing, consumer behaviour, accessibility, ease of use, PayPoint issues and many other aspects. NEA would also encourage CCNI to consider carrying our research into other

programmes to tackle debt such as through promoting and extending the use of the Fuel Direct scheme to gas consumers.

The broader role of the CCNI can and does contribute to many of NEA's strategic objectives, particularly in energy, as highlighted by our joint Memorandum of Understanding (MOU) which underpins the value which we place on our working relationship as can be demonstrated clearly through our joint work on the NEA's Energy Justice Campaign (EJC), the Fuel Poverty Coalition Northern Ireland (FPC) and the Consumer Vulnerability Working Group (CVWG), chaired by CCNI. Additionally, CCNI's commitment to the importance of energy efficiency and the role it places on tackling fuel poverty is also clearly evidenced in the FWP which we wholeheartedly support.

We welcome the CCNI's commitment to working with the Department for the Economy (DfE) on the new Energy Strategy. This provides us with comfort as to date, CCNI has been instrumental in bringing strategic insights and structure to this difficult process. This is a crucial strategy for Northern Ireland and CCNI 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.

Response to Consultation Questions

1. Have we captured the right consumer priorities for the next 12 months?

As outlined above, NEA are broadly supportive of the four key consumer priorities identified by CCNI. We do however believe there is a strong case to establish a 5th priority relating to supporting consumers through the hardships associated with the Energy Crisis. NEA has experienced a huge increase in the number of requests for emergency support. Whilst we are doing everything in our power to help as many householders as we can, we know many more are being left out in the cold. This is an experience shared by other charities across the sector.

RE: Decarbonisation

Vulnerable households perhaps stand to gain more from the successful implementation of a new energy strategy in Northern Ireland than any other grouping. A Just transition offers a once in a generational opportunity to tackle energy inequalities head on and eradicate fuel poverty in Northern Ireland. The need for decarbonisation and the developing pathways to deliver net zero will also mean that CCNI needs to ensure that consumers are protected in the new emerging energy market, ensuring fair outcomes for consumers with the necessary protections. The move to net zero must enshrine the principles of a just transition leaving no one behind and ensure that those contributing to the change should benefit. With the high cost of decarbonisation, thought needs to be given to options to mitigate the impacts on fuel poverty.

All low carbon heat solutions will require changes to consumer's heating systems in their homes, which may impact on comfort factors or the responsiveness of the system. Consumers will also be required to change their behaviours, including using less energy and adopting more energy efficient lifestyles. It is our belief that all households in Northern Ireland will need support to decarbonise, but it is of paramount importance that those considered the most vulnerable are supported first and foremost and CCNI can and should play a significant role in ensuring this process.

RE: Digitalisation

NEA welcome efforts to increase digitalisation as it is our belief that innovation could enable low income and vulnerable consumers to participate in a smart, flexible energy market. This should allow vulnerable consumers to access better deals thus helping to reduce their level of vulnerability. There are however additional risks that could emerge for these consumers as a smart energy market develops including:

- Consumers may not be able to afford to purchase smart products and services
- Consumers may not benefit from smart products and services
- Consumers face greater risks if the product or service fails to work as expected
- Lack of data access reduces how much consumers benefit
- Unequal distribution of system costs
- Low income and vulnerable consumers experience problems that may impede the emergence of smart energy

Currently c.20% of the population has limited access to the internet. NEA believes these households already face an energy cost premium of £300 per annum because of not being able to access the best deals or missing out on programmes that are only accessible to those that are online.

SMART Meters have been shown to make a positive impact for fuel poor homes in the UK and it is an area in which Northern Ireland has been caught lagging. There is however also a need to tackle the gas network, where many consumers are stuck with outdated meter boxes. The Pandemic shone a spotlight on the inadequacy of the 'dumb' gas PPM's, which included the need to physically top up with an individual needing to take the prepayment card to a PayPoint, the maximum vends of £49, the individual needing to take the card to the meter, which is normally positioned outside the house and often in a hard-to-reach location.

2. Have we identified the right strategic objectives to address these consumer priorities? Are there some more important than others, or if there is anything we have missed.

We believe that the strategic objectives in the draft Forward Work Programme are sensible and are broadly in support of them all. Given the volatility of the energy market at this time, and the ongoing impacts of the energy crisis we believe it is important that the protecting consumers strategic objective should be considered as an operational priority.



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3. Do you agree with the overall direction and project focus of the 2022-2023 Forward Work Programme?

Yes, NEA are pleased with the direction and project focus that has been outlined within the Forward Work Programme. Specifically, we welcome the project 'To work with key stakeholders to encourage the development of a Government Fuel Poverty Strategy'. The NI Fuel Poverty strategy is over a decade old and no longer fit for purpose. NEA has been calling on the Department for Communities to revisit this government strategy as a matter of priority. We welcome any engagement on this subject from CCNI.

We are also pleased to see the importance of energy efficiency reflected within the project focus of the Forward Work Programme. NEA have long been calling for energy efficiency to be considered as the number one priority to enable everyone to reduce their use of carbon fuels.

4. Are there any changes you think we should make to the overall direction and project focus of the 2022-2023 Forward Work Programme?

As mentioned above, given the ongoing volatility of energy market, and the warnings from the UR to expect prices to remain tumultuous for at least another 18 months, NEA believe there is now a strong case for the inclusion of a fifth distinct priority which would reflect supporting consumers through the immediate hardships of the 'Energy Crisis'.

5. Do you have any other comments that would help guide our work on our 2022-2023 Forward Work Programme?

In general terms NEA would also like to see further efforts to obtain more detailed information and data around vulnerable consumers' use of pre-payment meters and the levels of self-disconnection in Northern 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 range of aspects of coping with a PPM. To date we still don't have enough information to adequately assess the degree of self-disconnection, rationing, consumer behaviour, accessibility, ease of use, PayPoint issues and many other aspects. This project should also look at other programmes to tackle debt such as through extending the use of Fuel Direct. We believe CCNI can in some capacity support this whether in partnership with the Utility Regulator or as a standalone project within CCNI.

Below we outline some additional points which we believe should be considered by the NI Executive, the Department for Communities, the Department for Economy, and the Northern Ireland Utility Regulator as a means for addressing the Energy Crisis in the longer term. It is our belief that these options will assist in easing the pressures on vulnerable energy consumers in Northern Ireland in the longer term, and we would hope that CCNI can support us in our advocacy asks by including them in some capacity within the FWP.

- **The establishment of a Fuel Poverty Task Force** to bring together industry leaders, policy experts, government departments and expert charitable organisations to work proactively on



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actions to mitigate the worst impacts of the energy crisis. The Department for Communities' Emergency 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 and Advice NI, were included in the design process.

- **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 pensioners⁶. Currently vulnerable households in Northern Ireland do not receive this support.
- **The UR should 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 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 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.
- **Implement a new social tariff to help make energy more affordable for a discrete and well-defined set of energy customers.** 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. No such protection exists in Northern Ireland.
- **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. NEA NI Believe the energy companies and network operators have a key role to play in this regard.

⁶ 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>



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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 Consumer Council now and into the future on our many areas of mutual association.

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