



Action for Warm Homes
Northern Ireland

National Energy Action NI
Response to

DFE's consultation on policy options for the
Energy "One Stop Shop" Implementation Plan

January 2023



Action for Warm Homes
Northern Ireland

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 an official fuel poverty rate of 22%. However, in June 2022 NEA working in partnership with market research company LucidTalk, undertook an NI wide representative survey to assess the impact of rising energy prices and the cost-of-living crisis on NI households². The findings of this study are stark with 45% of households reportedly spending more than 10% of their income on energy costs. 80% of respondents have had to reduce their use of central heating and 1 in 10 have had to reduce the amount of food consumed or skip meals altogether to cope with rising costs.

Energy prices underwent an unprecedented rise during 2021, and look set to remain high for at least another 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.

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>

² Taken from NI wide representative polling in partnership with Lucidtalk to assess the impact of ongoing energy price rises in Northern Ireland: <https://www.nea.org.uk/publications/lucidtalk-nea-ni-ni-wide-omnibus-poll-project/>



Action for Warm Homes
Northern Ireland

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) figure for 2020/21 was approximately 1,120³. 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 temperatures⁴. 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 pressure⁵. 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 the cold increases the level of minor illnesses such as colds and flus and exacerbates existing conditions such as arthritis and rheumatism⁶. To put it simply, we know warm homes are vital for ensuring good health and wellbeing.

Response

We welcome the opportunity to respond to the consultation on policy options for the Energy "One Stop Shop" Implementation Plan.

In responding to this consultation, it is important that we reflect on the context of the past 18 months which have been some of the most difficult for energy consumers and in particular, vulnerable households, who have been faced with soaring prices and less government support compared to other regions of the UK. The increase in energy bills along with rising food prices and high levels of inflation have deepened the levels of hardship facing many households in NI, pushing many more people into fuel poverty. In June 2022 research carried out by NEA and LucidTalk found that 45% of NI households were having to spend more than 10% of their income on energy and therefore living in fuel poverty. Along with this there has been a rise in dangerous 'coping' mechanisms as households look to manage rising costs on ever tightening budgets. 80% of NI homes have admitted to rationing the use of their central heating in an effort to reduce costs, and 1 in 10 households admitted to skipping meals in order to ensure they had enough money to pay for their energy. These behaviours put households at a significant increased risk of detrimental impacts on their health and wellbeing.

³ 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

⁴ Marmot Review Team (2011), The Health Impacts of Cold Homes and Fuel Poverty

⁵ Department of Trade and Industry (2001), The UK Fuel Poverty Strategy. London: DTI.

⁶ 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.

NEA NI have experienced the human impact of the energy crisis first hand through our 'Warm and Well' project and our discretionary support fund. Both of which have been called upon to provide crisis intervention to more than double the number of households we would support in a normal winter period. The pressure facing our communities must not be underestimated. Without a real and concerted effort from all stakeholders in the Northern Ireland energy system these problems will only continue to mount up, and it will be vulnerable members of our society that are impacted the most.

The transition to decarbonisations represents a significant change in energy policy in Northern Ireland and it will mean that consumers will be required to change how they heat and power their homes. This will be a challenging journey for many households as they will be required to learn new skills and adopt new behaviours to make efficient use of emerging technologies. To support this change provisions will be required to make the transition as simple as possible for energy users. This means it is important to provide clear information, advice, and support for all.

A 'One Stop Shop' will perhaps be the first step that a householder experiences in the energy transition journey. It will therefore need to be an expert organisation, capable of either delivering the requirements of the service, or signposting to established pathways within all aspects of the work entailed. This will include quality information and advice, assessment of household needs, calculation of the costs of low carbon fuels and the upfront cost of any home improvement measures that might be required to ensure new technologies work effectively. Expertise will be required from the building trade, mortgaging policy, regulation, architecture, engineering, and practical construction.

On the face of it a 'one stop shop' has potential to deliver against this need. However, there are many well established advice systems in place in Northern Ireland which consumers already trust. It will take time to develop this same level of trust in any new service that is to be established. It will therefore be equally important to ensure that there is a joined-up approach to communication, with consistent messaging and advice across multiple bodies (NIHE, Advice NI, Local Councils etc).

Perhaps most importantly a new One Stop Shop must also ensure no households are left behind. This means all advice and information must be equally accessible to vulnerable households and those not connected to the digital sphere. There is also a need for better education, on why and how the transition will happen, and what it will mean for households in practice. This will be needed across all consumer groups — but a particular emphasis must be placed upon engagement with vulnerable consumers.

Below we detail our responses to the questions outlined in the consultation documentation.



Action for Warm Homes
Northern Ireland

1. Do you agree with the Energy One Stop Shop underpinning principles?

Yes – NEA would be broadly supportive of the underpinning principles that have been identified for the One Stop Shop. In particular we welcome the principle ‘*Working in partnership*’. The energy system in Northern Ireland is complex, and as we transition toward our Net Zero goals there will be a number of challenges consumers and households will have to overcome. Whilst we will be able to predict some of these challenges, many more will likely arise as households adapt their homes and their behaviours to a low carbon future. It will therefore be important for key stakeholders to work together proactively to identify these challenges as they arise.

2. Do you agree with the definitions for each of the proposed principles?

Regarding the ‘Impartiality principle’ the Department for Economy must ensure that the ‘One Stop Shop’ has the autonomy required to uphold this principle in full, even when the best advice for an individual household might run counter to the objectives stated in the Energy Strategy. Specifically, NEA want to ensure that households will not be pushed towards the installation of hydrogen or biomethane gas as a default replacement for their existing home heating systems, without also receiving detailed costings on all other alternative fuel types available, and importantly how they compare to emerging renewable technologies such as heat pumps.

NEA recognise that both hydrogen and biomethane gas offer cleaner alternatives in the long term. However, we do have concerns about the significance given to these options within the new Energy Strategy in terms of domestic heat. While we appreciate that the continued role out of the natural gas network offers an opportunity to make quick carbon savings, we are unsure if this offers the best long term sustainable or affordable approach for consumers in Northern Ireland. Our concerns stem from the lack of detail associated with these relatively new fuels. As of yet, there is not enough evidence to provide reliable information on their viability, cost effectiveness or security of supply to make an informed decision on whether these fuel sources are the best approach to heating homes in Northern Ireland.

What guarantees do we have for the security of supply of these new gases? How will the costs for consumers compare with existing natural gas prices? How will costs compare to other alternative heat sources including electrification? Will subsidies be required to make them affordable to consumers? Will hydrogen and biomethane gas be compatible with existing boilers, meters, and gas reliant appliances? These are important questions that need to be answered before consumers in Northern Ireland are asked to commit to the required home improvements that will be necessary to utilise these fuels. We are also concerned that the focus on Hydrogen and Biomethane gas as a policy position is largely divergent from the direction of travel being taken in both GB and the Republic of Ireland, as both regions are focusing quite heavily on investing in heat pumps. Will this divergence expose Northern Ireland’s energy consumers to a greater risk of increased energy costs?

NEA are calling on the Department for the Economy to commission an independent scoping exercise to evaluate the full costs and the viability of introducing Hydrogen and Biomethane gas in Northern Ireland. This could be one of the ‘One Stop Shops’ primary responsibilities during the pilot period.



Action for Warm Homes
Northern Ireland

With regards to the 'expertise and leadership' principle all employees within the 'One Stop Shop' will need to be sufficiently trained if they are to offer reliable expert advice. This must include training in energy efficiency, fuel poverty, and identifying and supporting vulnerable consumers.

We feel that this might be an area where NEA can best lend our expertise as one of the leading providers of domestic energy and fuel poverty training for over 30 years. We can offer both face to face and online tuition to enhance the quality of energy advice services nationwide. Our suite of training products are quality assured to BSI ISO:9001 and provide participants with an excellent opportunity to develop skills and an understanding of ;the issues which might impact on vulnerable, low income and fuel poor households; how to identify people who might need support; and critically how to deliver good quality, accurate advice around domestic energy and fuel debt either in the home, by phone or online. In 2022 NEA developed and began delivering behavioural change training targeted at helping households reduce their energy bills by making changes in their everyday lives. This training has been hugely successfully, and we've had an incredibly large volume of requests for these sessions from community groups across Northern Ireland. We believe that this demonstrates there is a clear need for more services of this type.

3. Do you agree with the proposed strategic objectives for the Energy One Stop Shop?

Yes - we agree that the Energy One Stop Shop should *'inform, advise and support people, businesses and communities to enable them to transition to affordable, smart decarbonised solutions for their energy efficiency, power, heat and transport needs, with special regard to those who may be least able to'*. Renewable energy generation requires significant upfront investment on the part of a householder. Even where this cost is covered by existing subsidies it is at best part funded, meaning households must find a significant amount of money upfront in order to access the low carbon alternatives. This is simply not possible for lower income and vulnerable households. NEA believe that the One Stop Shop should play a proactive role in addressing this disadvantage, ideally though the provision of grants to low income and vulnerable homes to enable them to transition towards decarbonised heat and power.

Without this additional support, lower income households face the risk of being stranded on conventional carbon fuels for a much longer time than their more affluent counterparts. This will likely go hand in hand with rising costs as prices are distributed across a decreasing consumer base. The 'One Stop Shop' must play a role in safeguarding lower income and vulnerable households from this risk.

As we outlined in our response to the Energy Strategy consultation; improving the energy efficiency of homes in Northern Ireland needs to be considered as a priority within the new strategy and indeed in the role of the One Stop Shop. We know that energy efficiency improvements offer a tried and tested cost-effective approach to alleviating the hardships on fuel poor households, whilst contributing to reducing household carbon emissions. Unfortunately, it is our view that the existing energy efficiency schemes in Northern Ireland are woefully underfunded and under resourced. Improving the energy efficiency of households needs to be considered as the 'first fuel'. The emerging technologies will not offer affordable energy for many households in Northern Ireland without



Action for Warm Homes
Northern Ireland

widespread energy efficiency improvements. For example, the current costs (both installation and running) of Heat Pumps can be considered prohibitive to most households in Northern Ireland. In a typically sized home that is efficient, installation of a heat pump could be £1,000 cheaper than for a home that is not and running costs would be significantly lower⁷.

It is estimated that poor insulation means around £1 in every £4 currently spent heating UK homes is wasted. The Home Energy Conservation Authority (HECA) annual report shows a current annual investment of £21million on energy efficiency in Northern Ireland. To align with 2050 net zero commitments, it is estimated that policies would need to drive an annual peak of retrofits for over 50,000 buildings within the next decade. By comparison, current energy efficiency programmes in NI deliver measures for approximately 16,500 buildings per year, indicating that a doubling or trebling is needed.

Whilst investment in energy efficiency will need to be dramatically scaled up if Northern Ireland is to have any chance of reaching Net Zero emissions, evidence shows that it is doable. Analysis by the Home Energy Conservation Authority found that the total cost of implementing measures to raise the SAP rating of approximately 390,000 eligible dwellings in Northern Ireland to at least SAP band C was £2.4 billion, with a mean cost of £6,200 per dwelling. NEA believe this is a realistic and deliverable target which should be adopted as part of the energy strategy.

To supplement the effectiveness of improving energy efficiency the One Stop Shop needs to ensure it embeds the principles of 'helping the worst first' and 'a fabric first' approach to reduce needless space heating demand. Without this, NEA is concerned that there will be a perverse incentive to install oversized low carbon heating technologies which would be more expensive for the occupants to run.

4. Do you agree that the Energy One Stop Shop should provide advice, information and support to domestic consumers, micro, small and medium businesses and community energy groups?

Yes - we agree with the groups that have been identified. We would however note that NEA believe that the One Stop Shop should adopt the 'help the worst first' principle. This would mean prioritising low income and vulnerable households who are at greatest risk of fuel poverty and are often the last to benefit from complex changes in our energy system.

5. Do you agree that the Energy One Stop Shop should take account of the needs of vulnerable domestic consumers, in particular those with low incomes, of pensionable age, digitally excluded, living with chronic ailment or disability or in rural areas?

Yes - the One Stop Shop must take account of the needs of vulnerable domestic consumers.

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. It is important that we note that there is no clear 'catch-all' definition of a vulnerable

⁷ Energy Efficiency Infrastructure Group (2020) 'Energy efficiency's offer for a net zero compatible stimulus and recovery'.

consumer. An individual or household's circumstances can change rapidly, making them less able to protect or represent their interests and significantly more likely to suffer detrimental impacts on their health, wellbeing, or finances. The One Stop Shop will need to recognise this by ensuring a degree of flexibility in any definitions or categorisations of vulnerable consumers.

In identifying vulnerable consumers, we believe that considerations will need to be given to each of the following groups:

- **Households that use pre-payment meters:** These households are often unable to switch without physical meter changes, have no or limited options to switch supplier within retail markets and face broader difficulties vending for fuels particularly in gas pre-payment meters who can only vend if they physically go to a shop with a PayPoint and top up to a maximum of £49.00. As a result, households on pre-payment regularly self-disconnect (not buying credit on one or both fuels). This issue is already acute but could become even more stark for these households in future if policy costs are switched from electricity to gas. The widescale prevalence of PPM's in NI would suggest there is a need to review their appropriateness, why so many have been installed, what the actual benefits are and for whom? This is a persistent issue and one that NEA raised pre COVID and is once again raising as it is a pressing issue which needs immediate attention. Furthermore, the existing PPM infrastructure in NI has been found wanting. The technology is limited and no longer meets the required standards for modern households. The rapid rollout of SMART meters should be prioritised to help overcome this challenge, whilst support households to decarbonise.
- **Households with disabilities and medical conditions:** Many health conditions require households to spend more money on heating, as a result of spending longer at home or needing to keep their properties to a warmer temperature. This includes respiratory and cardiovascular conditions, rheumatism, arthritis and allergies and chronic stress and depression. The impact of policy costs on these households can therefore be particularly acute.
- **Digitally excluded households:** 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.
- **People living in different tenures:** Those in Private Rented Sector (PRS) often have little or no agency about their payment type, their heating type and which energy efficiency measures they have installed in their rental property; yet they often pay the energy bill. This means tenants, especially those in the PRS, are likely to see higher energy costs and therefore are more exposed to policy costs.



Action for Warm Homes
Northern Ireland

- **People living in Rural Areas:** In rural areas of Northern Ireland 31.5% of all households were in fuel poverty in 2016⁸. Households in rural areas often face higher costs because of living in older, solid wall properties with poor insulation, use non-regulated fuels to heat their homes, and face wider access challenges. Data from studies at the EU level also demonstrate that, on average, households located in sparsely populated rural areas are worst affected by high rates of energy expenditure — 21.1%, compared to 16.5% and 13.6% for intermediate and thinly populated areas, respectively⁹.
- **Households that do not speak English:** Many households struggle to access support to reduce their energy costs as information and advice is rarely available in different languages. Again, this means they are likely to see higher costs.

6. Do you agree with the types of services and support that the Energy One Stop Shop should deliver?

No – We strongly believe that the One Stop Shop must also have the ability to provide additional financial support to low income and vulnerable households. The consultation documentation implies that the existing level of provision of financial support is adequate, whereas we believe this to be incorrect. As outlined in other parts of this consultation response NEA believe that the current level of support available in Northern Ireland is some way below the levels required if we are to achieve our Net Zero carbon goals, whilst protecting vulnerable households from fuel poverty.

The consultation highlights the Northern Ireland Sustainable Energy Programme (NISEP), which is not secure long term having only been extended until March 2023. The support this programme provides to vulnerable households cannot be underestimated and as such we are calling for a guarantee that this support will be retained or enhanced. If NISEP cannot be guaranteed in the medium term, then there is even greater onus for the One Stop Shop to have the ability to issue grants to low income and vulnerable households.

7. Should the Energy One Stop Shop deliver any other services or activities?

Yes - NEA believe that the One Stop Should deliver or administer financial support schemes, especially targeted to those who need it most. We consider this to be of the highest priority due in part to the inequitable nature of existing subsidies for low carbon heating (high upfront costs which exclude lower income households) and the uncertainty surrounding the future of NISEP. Without dedicated and targeted support for low income and vulnerable households, we face a real risk of trapping them on outdated, highly inefficiency carbon producing fuels, at higher costs. This would be counter to the ethos of a 'just transition', and the Department for the Economy has a moral obligation to address this inequality or risk of trapping low income and vulnerable households in fuel poverty.

⁸ Northern Ireland Housing Executive (2016) House condition survey: main report.

⁹ Bouzarovski, S; Thomson, H; Cornelis, M; Varo, A. and Guyet, R. (2020) Towards an inclusive energy transition in the European Union: Confronting energy poverty amidst a global crisis.



Action for Warm Homes
Northern Ireland

We also believe there is a clear need for a better more regular approach to the collection of data on fuel poverty in Northern Ireland. Based on the 2016 House Condition Survey, Northern Ireland has an official fuel poverty rate of 22%. However, in June 2022, NEA NI undertook an NI-wide representative survey to assess the impact of rising energy prices on households in Northern Ireland. The findings of this study are stark, with the results showing that at least 45% of households are spending more than 10% of their total household income on their energy costs. To ensure a 'Just Transition' in Northern Ireland the government will need to monitor fuel poverty rates more regularly and more robustly. This could potentially fall within the remit of the One Stop Shop and should be considered a high priority activity.

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 the One Stop should in some capacity support this whether in partnership with the Utility Regulator or as a standalone project under its own remit.

8. Do you agree with the proposed initial list of consumer engagement channels for the Energy One Stop Shop?

Yes – NEA support the proposed initial list of consumer engagement channels. The only addition we would request at this stage is the development of two-way referral channels, whereby organisations like ours, along with other trusted partners, could fast track vulnerable households to the appropriate support and advice available within the One Stop Shop.

9. Do you agree with the proposed approach to refine and improve consumer engagement?

Yes - NEA support the approach.

10. Do you agree with the proposal to commence the operation of the Energy One Stop Shop with a Pilot?

Yes – we welcome the recognition of the One Stop Shop as an important pillar within the wider energy strategy and the role it could play in contributing to wider governmental strategies including a fuel poverty strategy and anti-poverty strategy.

The past 18 months have highlighted the challenges facing many consumers in terms of navigating an increasingly complicated energy market with rising prices. There is urgent need for centralised and readily accessible advice and support from a trusted body. This is a gap that can be plugged by the One Stop Shop. We support the decision to expediate this arm of the One Stop Shop's activities through the creation of a pilot service.

11. Do you agree with the proposed Energy One Stop Shop Implementation Roadmap?

Yes – NEA support the proposed Energy One Stop Shop Implementation Roadmap. As detailed above there is a pressing need to ensure consumers have access to accurate and reliable information to help them navigate our increasingly complicated energy system.

12. Do you agree with the proposed services that would be available in Year 1 of the Pilot?

Yes

13. Do you agree with the proposed additional services that the One Stop Shop Pilot would introduce in Years 2 and 3?

Whilst we support the additional services proposed for year 2 & 3 as outlined in the consultation documentation, we believe that there would be a strong argument for the addition of research activities during this time. Specifically, we would encourage the Department to commit to carrying out research into ‘Self disconnections’ and establishing a more robust and regular approach to the monitoring of fuel poverty information in Northern Ireland.

14. Do you agree with the proposed services that the One Stop Shop may consider introducing from Year 4 onwards?

NEA reiterate the need for targeted grants to support vulnerable and low-income households during the energy transition. We believe the One Stop Shop should seek to deliver such grants as a core activity from year 4 onwards.

15. Do you agree with the proposal to create a new brand for the Energy One Stop Shop?

Yes – Creating a new easily identifiable brand will help consumers recognise the One Stop Shop as a trusted hub for reliable information. This will be key in ensuring the success of the One Stop Shop. This approach has worked successfully for the Northern Ireland Sustainable Energy Programme.

We thank you for the opportunity to respond to you with these comments. NEA value the working relationship we have developed with DfE and we look forward to continuing to work together in the coming years as we strive to eradicate fuel poverty in Northern Ireland.

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