



Action for Warm Homes
Northern Ireland

National Energy Action NI
Response to

Consumer Council NI
Draft Forward Work Programme 2023-2024
consultation.

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 households². The findings of this study are stark with 45% of households 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 afford 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/>



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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 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

NEA welcome the opportunity to respond to the Consumer Council's Draft Forward Work Programme (FWP) 2023–2024. NEA work closely with CCNI across many aspects of our work, but especially in relation to consumer protection and policy development. We value the strong working relationship we have developed and look forward to continuing to work together in the coming years as we strive to eradicate fuel poverty in Northern Ireland.

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 little in the way of government support when 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 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 spending more than 10% of their income on energy and are 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 admitted to rationing the use

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.



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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.

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.

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 in order 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 has been worsened by the slow roll out of interventions. We therefore encourage CCNI to do all they can to try and help develop a better understanding of fuel poverty rates and the impact caused on households in Northern Ireland.

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. It is our opinion that the projects identified under the energy theme are required and we welcome the ongoing commitment to deliver across a broad range of energy related issues.

NEA do however 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 (FPC) 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 such a 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 March 2022 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 toolkit online which we promote and encourage individuals to use.

We welcome the CCNI's commitment to working with the Department for the Economy (DfE) on the 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 the CCNI should ensure that the resources are put in place to maintain and sustain their involvement, ensuring that the needs of the consumer are central to the ongoing development and implementation of the necessary policies to deliver Net Zero.

In general, NEA believe there is a need to ensure that existing consumer protections (across all utilities) are maintained and strengthened. In comparison to other countries Northern Ireland has a very small retail market and therefore does not benefit from economies of scale. For this reason, we consider that it is unlikely to attract enough suppliers for competition alone to form the basis of consumer protection. Therefore, we consider that the best way to protect domestic consumers (and in particular those who may be vulnerable) is to maintain high standards of regulation, including price controls on the biggest supplier. Crucially we believe that where new technologies and markets emerge, regulations should be updated to ensure there are no gaps or unintended consequences for consumers. NEA will continue to urge the Department for Economy to work with the Utility Regulator, Consumer Council and wider stakeholders to identify and plug any 'gaps' in consumer protections that emerge as the energy system changes. The uptake of 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 happens.

NEA believe that energy efficiency should be considered the 'first fuel'. We know that energy efficiency improvements offer a tried and tested, cost-effective approach to reducing household energy consumption, whilst also alleviating the hardships on fuel poor households and contributing to ensuring warm, safe, and healthy homes. The emerging low carbon technologies will not offer affordable energy for many households in Northern Ireland without widespread energy efficiency improvements. Fixing Northern Ireland's cold, damp and leaky homes will therefore be imperative if we are to ensure a 'just transition'. Doing so will assist in unlocking several wider social and economic benefits, lifting households out of fuel poverty, reducing the burden on the NHS and freeing up household incomes which can be reinvested in their local communities.

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 and we believe that CCNI could have an important role to play in ensuring this is the case.

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 the CCNI can and should play a significant role in ensuring this process.

Habits and behaviours can be hard to change, but they can have a huge impact on how much a household spends on energy. Energy advisers will need to be able to provide guidance around habits and behaviours when talking to householders. To support energy advisors NEA have developed a 'Changing Energy Related Behaviour' training course. This course, which has been designed for frontline staff working across a range of organisations who are in a position to provide energy-related advice directly to householders, looks at some of the theories and findings in the field of decision making, focusing specifically on simple practical things to encourage people to act on the energy-related advice they receive.

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.



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- Low income and vulnerable consumers experience problems that may impede the emergence of a 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.

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 – something we think is well overdue.

Below we outline some additional points which we believe should be considered by the NI Executive, the Department for Communities, 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 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,



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helping more than 600,000 poorer pensioners⁷. 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 four times a year. 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 in recent years. This has meant many consumers have been caught unaware and faced extended hardship during the 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.
- **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.

Finally, we welcome the continued work of the Consumer Protection Advisory 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 The Consumer Council now and into the future on our many areas of mutual association.

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⁷ 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>