



Submissions to the Department of Communications, Energy and Natural Resources on a New Affordable Energy Strategy for Ireland

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Section A: Background

1. Introduction

Age Action was established in 1992 as the national non-governmental organisation concerned with ageing and older people, acting as a network of organisations and individuals including older people and carers of older people, and as a development agency promoting better policies and services for older people. Our mission is to achieve fundamental change in the lives of all older people by empowering them to live full lives as actively engaged citizens and to secure their rights to comprehensive high quality services according to their changing needs.

In order to further this mission we have a number of core objectives:

- To mobilise and empower older people to advocate on behalf of themselves, their families and their communities;
- To change attitudes towards ageing and older people in Irish society;
- To effect changes in legislation and policies by influencing Government, state agencies and the social partners;
- To secure the right of older people to comprehensive high quality services and where necessary to initiate services;
- To focus on the needs of the most disadvantaged older people.

A central feature of our work is raising awareness about the lived experience of growing old in Ireland. This includes advocating for policy changes which will have a positive impact on older people. Other programmes of work include ageing in the developing world, promoting intergenerational solidarity and helping older people to develop computer skills.

We acknowledge the government's continued commitment to tackling fuel poverty through the development of a second Energy Affordability Strategy. We particularly welcome the opportunity to make a submission on the Towards a New Affordable Energy Strategy for Ireland paper.

2. Energy Poverty and Older People

In early 2014 we conducted a nationwide consultation with our members through regional meetings and a survey distributed through our members magazine Ageing Matters. We met with over 100 older people and received in excess of 500 responses to our survey. While our consultations focused on a wide range of topics and policy issues, there was evidence that many older people were experiencing energy poverty. For instance, many spoke about spending longer in bed in the mornings and evenings, another spoke about using their savings to pay for fuel bills while others spoke about the inability of their state income supports to stretch to afford rising energy costs. Other people we engaged with spoke about the fear of running up high fuel costs and the consequences of only getting estimated bills.

The experience of energy poverty is particularly acute amongst older people for a variety of reasons. These include:

- A greater risk of cardiovascular and respiratory illness from cold and damp houses;
- More time spent in the home;
- A greater dependency on dirtier fuels for heating ;
- A reliance on small fixed incomes, therefore any increase in fuel prices has a disproportionate impact;
- A tendency to live in older, less energy efficient homes;
- A higher level of disability and chronic ill-health are reported amongst this age group (CSO, 2007).

Section B: Response to consultation questions

3. Defining and Measuring Energy Poverty in Ireland

In this section we have provided responses to questions 1, 2,3 and 5.

Question 1

Have we correctly identified the underlying causes of energy poverty?

Age Action Response:

We support the retention of a definition of energy poverty which accounts for the interaction of high fuel prices, low incomes and poor energy efficiency. We accept that the experience of energy poverty is not solely reliant on all three of these interacting, but may be a household or individual's experience of one or two of these factors.

It is imperative that the energy poverty definition is also comparable to other jurisdictions in order to allow for cross country comparisons and to facilitate the measurement of progress at an international level.

Question 2

What are the most appropriate data sources sufficient to capture the level of energy poverty in Ireland or should additional data tools be developed?

Age Action Response:

Some of the most appropriate sources of data to capture energy poverty levels include (this is not an exhaustive list)

EU-SILC

Collection of user-behaviour data and household budgeting information on fuel use

Up-to-date data on health and social impacts of energy poverty

Building Energy Rating data

Independent evaluation of energy efficiency programme

Impact of energy poverty on physical and mental health, including basic data on excess winter funds.

Question 3

Are the available data sources sufficient to capture the level of energy poverty in Ireland or should additional data tools be developed?

Age Action Response

We recommend the following is developed to further capture the level of energy poverty in Ireland:

A large study or House Conditions Survey should be undertaken on a regular basis, similar to the Northern Irish survey. This would cover all tenure e.g. owner-occupier, private rented, social dwellings and housing executives / association. The aim of this survey is to provide a comprehensive picture of dwelling stock and its conditions; facilitate a comparative analysis of housing conditions in other jurisdictions; examine the association between dwelling conditions and the social and economic circumstances of households; examine the changes in the condition of the stock over time; examine the impact of renovation grants in reducing unfitnes; provide a reliable assessment of fuel poverty in NI (can be compared to other parts of the UK) (Northern Irish Housing Executive, 2009).

Question 5

Where should the responsibility for measuring energy poverty levels rest and how frequently should levels be tracked?

Age Action Response

We believe that measuring and monitoring energy poverty should be given the same importance as income poverty. Therefore we envisage a lead role for the CSO in gathering and analysing appropriate data on this issue. Given the serious consequences that energy poverty can have we feel that it is appropriate that there should be statutory oversight and monitoring of this issue.

4. Addressing Energy Poverty through Energy Efficiency

In this section we have provided responses to questions 1 and 6.

Question 1

Is this paper's contention that energy efficiency upgrades represent the best method of addressing energy poverty correct?

Age Action Response

We are strongly of the belief that in order to tackle energy poverty in the most holistic manner, any strategy must tackle the issue of high fuel prices, low incomes and energy efficiency. We agree that the main focus should be on upgrading 'difficult to heat homes', bringing all housing stock to an appropriate energy efficiency level. However, while we recognise that energy efficiency offers a longer and more sustainable solution to energy poverty, we believe that equal importance should be placed on all three issues in order to have the greatest chance of extracting households from energy poverty. Many older people are dependent on small, fixed incomes, and low income households tend to use dirtier, more expensive fuels, such as solid fuels and low efficiency space heating applications (Scott et al, 2008). Therefore, any increase in fuel costs will have a disproportionate impact on low-income households.

Question 6

Given the limited resources available how should the strategy determine an appropriate balance between the number of retrofits delivered to those in need and the depth of these interventions?

Age Action Response

We acknowledge that there are limited resources available for retrofitting. However, we believe there should not be a trade off between ensuring as many people as possible benefit from energy efficient housing versus the quality of this retrofit. Funding for such programmes should be meaningful and not tokenistic with a primary objective of moving people out of energy poverty not to lessen their experience of this phenomenon.

5. Supporting the Income of those in Energy Poverty

In this section we have provided responses to questions 1,2,3,4 and 5.

Question 1

Are the current income supports available sufficient to mitigate the effects of energy poverty on the most vulnerable in society?

Age Action Response

The current system of income support does not recognise the volatility of energy prices. A suggestion is to index link income support to fuel costs – ‘to the extent that income supports are used, they need to have the flexibility to respond to the Consumer Price Index in a timely manner’ (Scott et al, 2008). In our Budget Submission last year we highlighted the changes in fuel prices and noted the stagnation of the level of the state pension and cuts to the fuel payment during this timeframe. As can be seen from the table there has been significant change in fuel prices during this time, thus without corresponding increases in income supports the risk of energy poverty is increased.

**Increase in Consumer Price Index – January 2009 to
May 2014 (Base = 100 Jan 2009)**

Home Heating	% change
Liquid Fuel	65.8
Bottled Gas	12.5
Piped Gas	7.9
Electricity	16.2
Solid Fuel	08.5

Recent research from Zeka et al (2014) indicates that there is an extended time impact (35 days) of exposure to cold weather in Republic of Ireland than in Northern Ireland (28 days). Given relatively similar temperatures, the authors propose that the variance can be attributed to differences in public policy approaches to tackling energy poverty. We recommend that the findings of this research be reviewed and consideration given to the different policy approaches in ROI versus NI.

Question 2

What changes, if any, to the support schemes should be considered?

Age Action Response

We recommend a number of changes to the current system of support schemes. We often hear from our members and older people who contact us that they struggle to pay fuel bills which often accumulate over winter months, particularly when there has been severe weather. We recommend that a similar payment to the Cold Weather Payment in Northern Ireland would support households during very cold weather periods.

We also recommend that the number of weeks the Fuel Allowance is paid is extended and that the amount paid under this scheme is increased in order to reflect the costs of fuel. We feel there should be greater flexibility in the way the payment is made. For instance for households using home heating oil, a lump sum payment in one or two instalments is more efficient. At present those who are reliant on heating their homes with oil must save funds over a period of time before they can afford to fill their oil tank.

Question 3

Should the currently available income supports and secondary benefits be better targeted at those who are reliant on welfare as their main source of income and if so how would this be done?

Age Action Response

When we speak with our members who live alone they frequently speak about the difficulty in meeting household costs, such as heating, on one pension. While we welcome the €1.30 increase in the Living Alone Allowance as announced in Budget 2015, we strongly believe this will not go far enough. The findings of the Vincentian Partnership for Social Justice work on Minimum Essential Standard of Living consistently show these households have a weekly deficit when trying to attain this budget. The latest EU-SILC data shows that in 2013 this household type had a 'risk of poverty' rate of 12.8% and a consistent poverty and deprivation rate of 2.9% and 23.5% respectively (CSO, 2015). Therefore we believe additional support for fuel could be targeted towards those older people living alone. This could be done through the Living Alone Allowance mechanism or as an additional supplement to the Fuel Allowance for those living alone.

Question 4

Should the new affordable energy strategy devote further consideration to ensuring that energy efficiency and income support schemes are linked and complimentary?

Age Action Response

We believe that the new strategy should take a holistic approach and ensure that both income support schemes and energy efficiency measures are used as a means to tackle energy poverty. We also strongly believe that the issue of rising fuel costs are considered and that income supports should not remain stagnant but take into account the changing market prices of fuel. However, we would urge caution in the integration of all three approaches in a manner whereby a household's income supports might be cut once a home has been retrofitted. We think it is imperative that fuel bills are monitored post-retrofitting in order to determine the difference that home insulation has made. It is also important to note that while retrofitting may have a positive impact on fuel bills; this may not negate a household's inability to meet these costs due to the reliance on small fixed incomes. We think the complementarity and linking of these two interventions should be carefully explored in order to ensure that people are not impacted negatively by such an approach.

Question 5

Is it appropriate to consider the long-term migration of income support measures to deeper renovation measures as a solution to energy poverty?

Age Action Response

See our response under question 4 in this section.

6. Ensuring Energy Markets Work for Consumers

In this section we have provided responses to questions 1,2,4 and 5.

Question 1

Is it a matter of concern that the benefits of competition appear to accrue to the most active switchers? If so what actions should the Government and/or the CER consider to correct this?

Age Action Response

We support the development of awareness raising and educational campaigns, which inform customers of their options and in particular demystify the benefits of switching. However,

given the proportion of older people not online, we strongly advocate that these campaigns are not solely web-based. A multi-pronged approach is recommended as the most appropriate method. There should be ease of access in both locating this information and how the information (using plain English) is provided is important. Options should also be that materials are available in large print and Braille for people who have sensory disabilities. We agree that the principles of universal design, which is design that supports as many people as possible, should be applied in all promotional and education materials e.g. web-based and print materials.

We believe it is imperative that this information is targeted at those most socially excluded i.e. by linking in with community welfare officers, local and national community based organisations to identify those customers who require access to this information.

Anecdotal evidence indicates that older people are not 'switchers'. For instance, Age Action Information Service often receives calls from older people about switching utility and insurance companies. We think that it is imperative that a partnership approach between statutory (e.g. MABS) and NGO bodies (e.g. Age Action) is undertaken in order to empower more vulnerable customers, such as older people to make informed decisions about switching providers. The development of a pilot service to address this issue could be undertaken with a view to scaling up / mainstreaming the approach once a review of its effectiveness is undertaken.

Question 2

Are there any remaining barriers to switching or additional measures that could be taken by the Department and/or the CER to ensure more customers switch their energy providers and obtain the benefits of competition?

Age Action Response

See our response to question 1 above.

Question 4

Should the energy industry be required to play a greater role in addressing energy poverty?

Age Action Response

Yes we believe that the energy industry should play a key role in addressing energy poverty. In the UK energy companies have sponsored training for community groups to learn about efficient use of energy. We believe a similar approach can be undertaken here with the community groups trained providing information to older people on the importance of heat and the most efficient means of keeping their home warm.

Question 5

What factors should be taken into account in the Smart Meter rollout to ensure that consumers in energy poverty benefit from their rollout?

Age Action Response

In considering the roll out of Smart Metering, the cost of Prepaid Electricity, also ease of use and legibility of meter should be considered. There also needs to be a reasonable capacity in the system in terms of contract flexibility so that a consumer can switch between different tariff structures, for instance day/night or off peak tariffs. There also needs to be

very strong protocols around data protection as the information will also be fed back to the supplier.

7. Energy Poverty in Non-Regulated Energy Markets

In this section we have provided responses to questions 2 and 3.

Question 2

Is it appropriate that consumers of regulated energy supplies (electricity and gas) receive statutory protections while those dependent on non-regulated supplies do not and if so what could be done about this?

Age Action Response

Vulnerable consumers should be encouraged to switch to regulated forms of energy supply in order to avail of the protection offered by regulation.

Question 3

Should the Government consider mechanisms that allow the Fuel Allowance to better support those in energy poverty relying on home heating oil?

Age Action Response

Yes as noted above we believe there should be an option to receive the Fuel Allowance in one or two lump sum payments.

8. Co-ordination and Accountability for Energy Poverty

In this section we have provided responses to questions 1, 3, 4, 5 and 6.

Question 1

What is an appropriate time frame to review the Government's next energy affordability strategy?

Age Action Response

We believe that a mid-point review of the strategy should be undertaken in order to assess and measure progress to date on a range of objectives, outputs and targets. This mid-point review should involve all stakeholders who contribute to the development of the strategy and those providing expert knowledge and analysis in the field. This mid-point review should be undertaken within a fixed time frame with the primary output being a publicly available document capturing progress to date. In terms of developing the next strategy we recommend the consultation process commences six months prior to the end of the current strategy. This will ensure the next strategy begins on time.

Question 3

Is it appropriate to assign high-level responsibility for co-ordinating the fight against energy poverty to a Cabinet Sub-Committee or should an Oireachtas Committee play a more active role in debating energy poverty issues?

Age Action Response

We believe that energy poverty, and the eradication of it, is a matter of importance for central government. Given the dire consequences of this issue for many individuals we believe there is scope for at least an annual or bi-annual discussion with a range of stakeholders on this issue at the Select sub-Committee on Communications, Energy and Natural Resources and / or the Select sub-Committee on Social Protection. We believe debates on the issue of energy poverty should be given equal importance to those held on income poverty.

Question 4

How should the Government consider integrating energy poverty considerations into health programmes?

Age Action Response

Research in the UK indicates that approximately a third of older people cross the threshold of their front doors only twice a week (Pannell et al, 2012). Hence the quality of the internal domestic environment is very important to their wellbeing. There are strong relationships between cold temperatures and poor mental health, cardiovascular, stroke and respiratory morbidity and mortality. Cold housing negatively effects dexterity, due to reduced blood circulation to the extremities, and increases the risk of accidents and injuries in the home (Marmot Review Team, 2011). Hence a first step should be to raise awareness of the importance of maintaining a 'satisfactory standard of heating' for those at home all day. To meet the cost of meeting their energy needs, a system could be introduced where GP's /public health nurses can prescribe minimum heat requirements and older people receive supplementary heating credits towards their energy costs. Targeted supports/schemes to improve the energy efficiency of the homes of older people with chronic illness should also be part of health programmes. Barriers to taking up these schemes should be removed such as need to have matching resources, e.g. have attics cleared.

Question 5

Are there additional ways to promote community involvement in alleviating energy poverty?

Age Action Response

We think that there can be greater community involvement in assisting older people in the preparation work to be undertaken prior to refurbishment. For instance, older people we have been in touch with have indicated that insulation of attics can be challenging as they may have no one to assist with clearing out their attic. Age Action's Care and Repair volunteers often have to assist older people with this task in order to ensure their refurbishment can go ahead. However, the purpose of the Care and Repair service is to provide a small jobs service and to make referral to 'trusted tradesmen' for larger jobs such as attic clearance. A partnership approach with community sector organisations such as Age Action and / or its community partners to undertake this element of the refurbishment process would ease the burden on many older people in need of retrofitting.

Question 6

Is there a need for better coordination of research work on energy poverty in Ireland?

Age Action Response

We think it is imperative that research continues to be undertaken on the issue of energy poverty in Ireland. We think the Affordable Energy Strategy can play an important role in this by establishing an annual grant fund each year that would be open to academics, NGOs

and other bodies to conduct research in this area. In rolling out such a programme a range of approaches to funding research should be considered. As a starting point, it is recommended that the Department look to the range and type of work funded under the Poverty Research Initiative which was managed by the Combat Poverty Agency prior to its subsuming into the Department of Social Protection.

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