Submission on the Revised Energy Poverty Action Plan

Submission to the Department of Energy, Climate and Communications

by

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1. Implementation of Legal Framework

Energy poverty has been defined at the EU level, identifying low income, low energy efficiency and high energy expenditures as the main factors. What other factors would you include in a national definition? Which of these do you think is the most important to include in a national definition?

- Transport energy poverty needs to be included in the national definition and measurement of energy poverty. It is a fundamental but neglected dimension of energy poverty and includes the operational, maintenance and fuel costs for those who might be considered 'forced car owners', forced to drive due to limited access to/lack of public transport. This can occur in suburban and rural areas. The cost of public transport may also be a problem for households on lower incomes, including children and young people.

- The new EU Social Climate Fund will target vulnerable households and transport users who are particularly affected by energy and transport poverty. This acknowledgement from the EU that transport users need to be assisted through the energy transition reflects the importance of including transport in energy poverty definitions, research, policies and action plans.

2. Meeting the Cost of Energy

Research consistently shows that the following groups are most affected by energy poverty and need additional support: lone parents; children; people with a disability; older people; renters; low income families; recent migrants; families on social welfare payments and low-income working households (Barrett et al., 2022; Cullinan and Lyons, 2014; Indecon, 2021; Laurence, Russell and Smyth, 2024; Lawlor and Visser, 2022; SVP, 2023).

Disability: Additional supports are required to address energy poverty among people with disabilities. They may have additional heating costs, and the greater overall costs of disability can result in less income to spend on energy. Supports might include: financial assistance with housing retrofit and more sustainable transport (e.g. EVs, accessible public transport) as well as adjustments to benefits or means test criteria for access to benefits. Retrofits may be more difficult to secure for those in private rented housing. In terms of transport energy poverty, the Mobility Allowance Scheme was closed to new applicants in 2013 but an alternative scheme to replace it has not yet been implemented.

Renters: housing in the private rented sector is more poorly insulated and less energy efficient than similar properties in the owner-occupied sector (Petrov and Ryan, 2020). Take-up of retrofit/ insulation schemes is low among private landlords as the costs accrue to the landlord while benefit goes to the tenant (the ‘split incentive’ problem) (Department of Communications, Climate Change and Environment, 2019). Schemes are required to address these incentives. Similarly, relatively high levels of energy poverty experienced by local authority residents highlights the urgent need to continue

retrofitting properties in this sector, and at estate level for efficiency reasons (Laurence et al, 2024). Ensuring that new social housing is energy efficient is also essential.

Underrepresented groups: Due to a reliance on household surveys for much of the data, some groups are likely to be underrepresented in the figures on energy poverty. These include: 1,916 families using homeless services in December 2023, including 3,962 children (Department of Housing, Local Government and Heritage, 2023); families living in multiple family units; members of the Traveller and Roma communities; and families in direct provision (Laurence et al, 2024). These groups are likely to be more exposed to residential and transport energy poverty and research on their experiences is required.

3. Further actions to alleviate energy poverty

We applaud the vital assistance the government has given via electricity credits and social protection payments. Further actions that might be taken include:

a) Return to unit-based energy benefit

In the context of volatile energy prices, a shift away from cash-based subsidies (e.g. fuel allowance) to a unit based approach would ensure a minimum level of electricity/gas regardless of cost. That is, it would provide energy security. It would not be possible to use this benefit for other fuels (e.g. solid fuels and oil) but as the long-term goal is to phase out fossil fuels it would still be a beneficial scheme. In the past, the Household Benefits Package provided 'free' electricity units or natural gas kilowatt hours. Until 2013, the Free Electricity Allowance provided 1,800 units per annum of free electricity or the equivalent of 43 per cent of the average annual electricity usage of a household. The Free Natural Gas Allowance supplied the equivalent percentage of average annual gas kilowatt hours. When the allowances changed to a cash subsidy in 2013, the rate was set to the relevant cash equivalent of the 'free' units provided under the scheme, which was determined to be €35 per month. However, since 2013 the unit cost of electricity and gas has risen and the increases have resulted in a drop in the relative value of this cash payment. The objective of the

allowances changed from *ensuring* a basic standard of heat and light to one that just *helps* with the costs of running a household (MyWelfare, 2023). The allowances still provide income support for beneficiaries, but their relative value has decreased.

As we need to reduce the consumption of fossil fuels and use electricity for all our energy needs, a scheme centred on supporting a basic level of electricity consumption would be both socially and environmentally sustainable. The eligibility criteria used by the Fuel Allowance could be adopted to target low-income families. Just as the Fuel Allowance is paid during the winter months, this additional support could be paid during a similar Fuel Allowance 'season'. This approach was used with the Free Electricity Allowance which provided a greater number of 'free' units from October to March each year and a smaller number during summer months. Returning to this form of support could enable vulnerable groups to obtain a basic standard of energy regardless of cost.

b) Stamps for electricity usage

Research from SVP indicates the significant challenges some households have in budgeting for large bi-monthly energy bills, particularly those whose income is paid weekly. The Department of the Environment, Climate and Communications previously funded a pilot 'Stay Warm Saving Scheme' which was managed by the SVP East Region during 2015-2017. Booklets were provided to customers who wanted to save for their fuel costs by putting money away each week or month by purchasing stamps for this purpose. A review of the scheme carried out by SVP indicated that it had made a significant contribution towards enabling families to budget for their heating costs. It was seen as a huge benefit to the many people who do not have banking facilities and cannot pay for their oil or solid fuel by direct debit and those who are reluctant or unable to use online services. The Department decided not to proceed with a national rollout of the scheme due to Government policy focus on introducing heat pumps and/or district heating systems and reducing household reliance on solid fuels and oil for heating (Department of

Environment, Climate and Communications, 2022). However, this scheme could be re-introduced as a saving scheme for electricity usage. It could be provided in the form of a physical stamp booklet, or in the form of a physical card with an associated online or phone app service to reduce fears of booklets being lost/stolen. A paper version is also essential to avoid digital exclusion.

c) Targeted energy upgrades + financial assistance for vulnerable groups

To address the energy costs of the groups highlighted in section 2 above, additional support is required in the form of a) energy retrofitting of their homes and b) the provision of additional financial assistance to them (Laurence et al, 2024). In relation to the latter, the ESRI find that providing lower income families with a second-tier targeted child benefit payment is a highly effective method of addressing poverty among families with children (Roantree and Doorley, 2023). It could help address energy poverty linked to low income.

The cost of these actions must be considered in the context of the very substantial social and economic costs of energy poverty. There is an abundance of evidence on the impact of residential energy poverty on physical and mental health, including mortality and infant mortality rates (e.g. Banerjee et al, 2021; Bosch et al, 2019; Csiba et al, 2016; Healy, 2003; 2004; Hernandez, 2016; ; IPHI, 2009; Liddell and Guiney, 2015; Mari-Dell'Olmo et al., 2017; Mohan, 2021; Laurence, Russell and Smyth, 2024; O'Meara, 2015; Peralta et al, 2017; Poortinga et al, 2017; Scott et al, 2008; Thomson et al., 2017). It results in higher use of health services by infants and young children (Mohan 2021; Tod et al 2016). Children living in households who find it difficult to keep their homes adequately warm most of the time are twice as likely to use a hospital out-patient department compared with those who had no problems in that regard (Evans et al, 2000). Children living in energy poverty are also more likely to be under or overweight due to substitution effects (heat/eat) (Mohan, 2021). Children who live in cold houses are more likely to have respiratory conditions than those who live inadequately heated homes (Tham et al, 2020; Rabbi and Karmaker, 2015). Energy deprivation can impede early childhood development (Bouzarovski, 2014; Oliveras et al, 2021), including both physical

and emotional outcomes (Harker, 2006). It also has negative effects on both educational participation and outcomes (Laurence, Russell and Smyth, 2024; Da Silva Pedroso, Winston, Dingley and Carroll, forthcoming). Our latest research finds that experiencing childhood residential and transport energy poverty has lasting impacts on educational outcomes as well as negative effects on their socio-emotional and behavioural outcomes (Da Silva Pedroso et al, forthcoming). The more they experience these problems, the more negative the results.

These costs need to be highlighted and additional sources of income for energy poverty actions sourced. This might involve a range of measures including:

- taxing household cars/EVs by weight as is done in France and as recommended by Professors Hannah Daly and Brian Caulfield.
- reducing or ending grants and tax reliefs/expenditures to wealthier households for a period of time to enable more progress on energy poverty.
- Update SEAI's mandate to significantly increase their support to the most vulnerable. This was also recommended in the energy poverty report produced by the Joint Committee on Social Protection, Community and Rural Development and the Islands.

4. Programs or initiatives from other countries

a) Consideration might be given to a scheme such as the Green Doctors Scheme (UK) which involves energy efficiency experts visiting vulnerable households to help them save money on energy bills and reduce carbon emissions (Groundwork, 2022). It is a free service for individuals requesting it. The experts identify causes of heat loss, offer tips for saving energy while ensuring the home stays safe and comfortable. They also install small energy efficiency measures such as draft excluders, facilitate switching energy providers and provide help

with access to other supports such as government grants and advice on energy debt. Similar schemes have operated in Barcelona (Energy Advice Points (PAE), and Germany (Stromspar-Check SSC) (EPAH, 2021). SVP visitation personnel might be trained to conduct this work.

b) The current distribution of electric vehicles (EVs) in Ireland is skewed by income and region which is exacerbating existing social inequalities. Caulfield et al (2022) show that charging points tend to be concentrated in more affluent areas. They highlight the problems of social equity in this regard and the barriers faced by those on lower incomes to accessing EVs. In this context, consideration might be given to the following initiatives.
    - The Scottish Used Electric Vehicle Loan which offers interest-free loans to help with the upfront cost of a second-hand EV.
    - The French state-subsidized 'social leasing' program which assists lower-income households in their access to EVs.

5. Integrating smart energy solutions into the Energy Poverty Action Plan

Residents need to be notified that they have smart meters and how best to use them to reduce energy costs and emissions. There is an information deficit for households seeking to understand how moving to a time of use tariff will impact on their electricity bills.

- The Energy Poverty Action Plan could support training and information provision for households to better understand smart meters and time of use electricity tariffs. SVP visitation personnel could be targeted for this training.
- It could commit the Department to work with the regulator to ensure open access to tariff and electricity pricing data from suppliers to empower consumers to better understand their tariff options.
- It could support the development of online guides and tools to facilitate households in comparing available electricity tariffs. This must include Plain English support to ensure that all households can access the best electricity tariff for their circumstances. UCD Energy Institute (led by John Doody) is in the

early stages of developing a novel online price comparison tool to enable domestic energy customers to accurately compare time of use tariffs using their home smart meter data.

- Customers need to be reassured that switching from flat rate to smart tariffs will result in lower bills because for some, including vulnerable groups, this is not the case currently. In addition, there is some evidence that some electricity suppliers are preventing households who have moved to a time of use tariff from returning to a flat rate one. This may create barriers to the adoption of smart tariffs and a trust issue between customers and suppliers. The potential impact of this practice on households at risk of energy poverty should be investigated.

6. Research

The following research projects are also required.

a) Our research indicates problems of transport poverty among children and young people in Ireland. Tusla has also identified problems of reduced school attendance since the Covid19 pandemic. Consideration might be given to a pilot project offering a free leap card to children and young people in DEIS schools and the evaluation of its impacts.

b) Indicator development: A measure of transport poverty is required. No gold standard measure is available at present but it is recognised at EU level that it needs to be developed. It is likely to involve a combination of: proportion of household income devoted to travel costs; time spent travelling; and spatial proximity/access to key essential services, such as work, education, health and life errands (banks, post offices, supermarkets, etc).

c) A survey on energy poverty including residential & transport energy poverty. Research on poverty and social exclusion recognises the importance of measuring its multiple dimensions (e.g. Nolan and Whelan, 2011). However, historically, energy use within the home, and energy use for transportation were treated as different areas of research, leading to the development of two distinct concepts – energy poverty (access and affordability of domestic energy use) and transport poverty (access and affordability of private and public transport).

Recently academics and policy makers have begun to recognise the significance of transport energy use in relation to energy poverty and a correlation between the two (e.g. Furszyfer Del Rio et al. 2023; Phébus projet, Ministère de la Transition Écologique et de la Cohésion des Territoires, 2012). Some experts argue that they are not distinct conditions but have overlapping drivers and patterns of occurrence (Mattioli et al., 2017; Lowans et al., 2023). Under current climate plans for Ireland, direct energy use for heating and transport will become increasingly electrified. This underlines the importance of researching how households manage all of their direct energy use (heating/cooling and transport), whether from electricity, gas, petrol or diesel since they may all be channeled into one energy source – electricity. This would also examine social equity issues associated with residential and transport energy supports (e.g. SEAI grants, electric vehicle charging facilities). The research would also include questions on other dimensions of poverty, that is, income and deprivation (as per Roantree and Dooley, 2023). This will enable a true picture of multidimensional poverty and social exclusion may be examined and addressed.

d) Research is required on groups underrepresented in household surveys to explore their particular experiences of residential and transport energy poverty: homeless people including families; families living in multiple family units; members of the Traveller and Roma communities; and families in direct provision. Some work has been done on these groups but needs updating (e.g. Pavee Point Traveller and Roma Centre & Department of Justice and Equality, 2018).

e) Targeted area-based/community approach to energy poverty measurement and actions. Recent research highlights the significant spatial dimension to energy poverty (e.g. Mattioli *et al.*, 2017; Verry *et al.*, 2017; Chatterton *et al.*, 2018; Ortar, 2018; Berry, 2019; Gouveia *et al.*, 2019; Robinson & Mattioli, 2020; Karpinska *et al.*, 2021; Lowans *et al.*, 2021; Furszyfer Del Rio *et al.*, 2023). Several researchers recommend analysing the problem spatially to identify energy poverty hotspots as this can help prioritise areas which require targeted energy poverty actions (Gouveia et al., 2019; Karpinska et al., 2021). Using this approach, energy poverty actions may be tailored to meet the specific needs of

these locations. The approach would also enable a ranking of geographic areas most in need and provide a strategic needs-based approach to providing energy poverty actions. This is important because it will help address some existing and longstanding social inequalities. It will also contribute to a more Just Transition and the UN SDG core principle of leaving no one behind. Partnering with communities and community organizations in these processes will assist in much needed social, economic and environmental development in our most disadvantaged areas.

f) Data and monitoring: we are concerned about increasing inequalities in the energy domain. We strongly recommend that a social impact assessment be conducted of the relevant grants and tax benefits that apply. This will require the SEAI, Revenue and other relevant agencies to collect and publish data on the income, region and level of affluence of individuals and households receiving relevant support. This should be done in the context of understanding that there has already been a long history of financial support to homeowners and those on higher incomes. Addressing these issues is an essential component of achieving a Just Transition.

7. **Communications and Governance**

How can we better communicate our work in the area of Energy Poverty to all stakeholders?

- Introduce a community energy advice service, similar to the Green Doctors UK.
- Liaise with the SEAI sustainable energy community mentors, and vdp visitation personnel.
- Energy program for schools: Groups particularly at risk of energy poverty include children and one parent families (Lawlor & Visser, 2022; Laurence et al, 2023; *SVP, 2023*). Information campaigns and programs on sustainable energy use within the home could be targeted at schools. A pilot project could be run in DEIS schools and if successful extended nationally.
- Advertise via: food banks, churches, health centres, and community centres especially in deprived areas; social workers (IASW); home-school-community liaison officers; as well as the usual advocacy organisations who work with vulnerable groups.

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