



Action for Warm Homes

Northern Ireland

National Energy Action NI

Response to the Utility Regulator

**Price Control for firmus energy (Supply)
Ltd**

2020-2022

July 2019

About NEA

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 customers 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

Based on the 2016 House Condition Survey (HCS), Northern Ireland has a rate of fuel poverty at 22%. It is also estimated that there are approximately 43,800 households in extreme fuel poverty which means they need to spend over 15% of their total income to heat their homes. Additionally, one in five households in Northern Ireland are living in relative poverty and 19% of working age adults in the private rented sector spend more than a third of their income on housing¹.

¹ Joseph Rowntree Foundation, Poverty in Northern Ireland, 2018

The cold kills, and between August 2017 — July 2018 there were 1,500 excess winter deaths in Northern Ireland. According to the World Health Organisation (WHO), a third of these deaths are directly attributable to living in cold damp homes.

Additionally, and unique to Northern Ireland, 68% of all households are reliant on home heating oil, a non-regulated fuel.

Furthermore, we expect that due to Brexit, the falling pound and the recent increase in wholesale costs which, while affecting all fuels, will mainly impact oil prices in the immediate term which will cause catastrophic impacts and put severe hardship on individuals and families. Recent increases have demonstrated that already, prices are rising steadily.

Response

NEA has supported the Regulator's work to protect more low income and vulnerable customers from unexpected price rises.

The efficiency and cost effectiveness of gas distribution networks play a key role in tackling fuel poverty levels and we need to redouble our efforts to move as many households as possible who are reliant on home heating oil to cleaner, greener natural gas. This also provides low income households with a more flexible and affordable monthly or *pay as you go* option.

Additionally, while the estimated supply costs are in the region of 13% of the total bill, NEA is reliant on the Regulator to assess value for money and our main focus is, so this leads to more affordable outcomes for low income and vulnerable households.

We also believe that the Regulator should take due cognisance of the current climate in that gas connections are much more challenging due to:

1. The recent and predicated short to medium term volatility in the price of home heating oil;
2. The Department for the Communities, statutory fuel poverty scheme, Affordable Warmth is only intervening in up 2,500 households with a smaller proportion of

these interventions being boiler replacements which is much lower than previous years;

3. The finite budget of the Northern Ireland Sustainable Energy Programme (NISEP);
4. The introduction of welfare cuts and end of mitigation payments which will put increasing stress on many families in Northern Ireland, both working and non-working.

Again, we rely on the sound judgement of the Regulator to weigh up the costs and benefits for all those consumers now and into the future.

NEA's mission is to ensure that everyone in the UK can afford to meet their energy needs in the home sufficiently for good health, comfort and wellbeing. As such organisations like the Regulator are instrumental in ensuring that in the absence of competition DNO's are giving customers the best value and service. NEA has neither the resource or expertise to scrutinise this economic process therefore our comments are made in the light of our knowledge and experience of working within the fuel poverty arena and working directly with householders, government schemes and industry.

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Appendix: Fuel Poverty Overview

- Fuel Poverty is the nexus of 3 factors; low income, high energy price and energy inefficiency.
- Fuel Poverty has multiple consequences including mental and physical health impacts.
- 1,500² excess winter deaths occurred across Northern Ireland in 2017-2018 with 30% attributable to living in cold homes³.
- Improving the energy efficiency of the house is the most effective way of reducing fuel poverty, alongside maximising income and reducing the cost of energy to the householder.

The latest Northern Ireland Housing Executive House Condition Survey was released in May 2018 and provides an overview of the housing stock in Northern Ireland, as well as the latest fuel poverty statistics.

Key findings:

- There are approximately 780,000 domestic dwellings in Northern Ireland.
- Owner Occupier is the largest tenure at 63% with the Private Rented sector and Social Housing sector at 17% and 16% respectively.
- **Fuel Poverty decreased to 22%, 160,000 households.**
- **The mean SAP rating improved from 59.63 in 2011 to 64.84.**
- 99% of dwellings had central heating.
- Oil remains the largest type of heating source at 68% of households.
- More than half (52%) of households living in old properties (Pre-1919) were living in fuel poverty.
- 55% of households living in fuel poverty had an annual income of less than £10,399.

² <https://www.nisra.gov.uk/publications/excess-winter-mortality-201718>

³ http://www.euro.who.int/_data/assets/pdf_file/0003/142077/e95004.pdf