

**Revised Framework Document for NISEP
2013-14**



Campaigning for Warm Homes

NEA NI Consultation Response

September 2012

Consultation on the Revised Framework Document for NISEP 2013-14

National Energy Action Northern Ireland (NEA NI) welcomes the opportunity to respond to this consultation from the Northern Ireland Authority for Utility Regulation (NIAUR) on 'Revised framework document for NISEP 2013-14'.

NEA is the fuel poverty charity whose work covers England, Wales and Northern Ireland and includes an office and staff in Belfast.

Between 2001 and 2004, considerable progress had been made in reducing fuel poverty in Northern Ireland (from 27% of households to 23%) but by 2006 the rate of fuel poverty had increased to 34%, largely as a result of very significant increases in the price of fuel.

The most recent Northern Ireland House Condition Survey 2009, carried out by the Northern Ireland Housing Executive, states that some 44% of households in Northern Ireland are now in fuel poverty.¹ The survey also indicates the differing levels of fuel poverty in each of the housing tenures in Northern Ireland showing that: 40% of households living in owner occupied accommodation are in fuel poverty; 55% of households living in private rented accommodation are in fuel poverty and 51% of households living in social housing are in fuel poverty.²

¹ Northern Ireland House Condition Survey 2009

² Northern Ireland House Condition Survey 2009

Key sections

This consultation on the 'Revised Framework Document for NISEP for 2013 - 2014 raises a number of issues that NEA NI, as the lead fuel poverty charity in Northern Ireland, would wish to comment on. This consultation response will provide comments and suggestions on the following three topics highlighted in the consultation document:

1. Continuation of NISEP
2. Innovative and Renewable energy efficiency measures
3. Scheme provision from April 2013

Continuation of NISEP

NEA NI is fully supportive of NIAUR's suggestion to extend the NISEP scheme for an additional year. This extension will provide continuity in regards to scheme provision for vulnerable households experiencing fuel poverty in Northern Ireland. A gap in scheme provision, until any new Energy Efficiency Obligation was introduced, would be a retrograde step in tackling the increasing levels of fuel poverty in Northern Ireland.

If NISEP is to be extended, NEA NI believes it is logical that there is an extension to the final date for scheme bids. It is important that an appropriate amount of time is given for the development of scheme submissions in order to ensure quality and integrity of the NISEP as a whole.

NEA NI wish to see the strategic objectives, outlined in this consultation paper, maintained in the extended NISEP scheme. The core objectives of the scheme include 'due regard to vulnerable customers', 'efficiency in the use of energy and the 'social and environmental sustainability of energy supplies'; NEA NI agree with NIAUR that this must be included in the objectives for NISEP for 2013-14.

NISEP funding

Due to the level of fuel poverty in Northern Ireland, it is imperative that the 80% ring-fenced nature of the funding allocated to NISEP is at least maintained if not

increased. The majority or all of the funding for NISEP must be targeted at vulnerable customers in order to increase the energy efficiency of their domestic dwellings and combat the effects of fuel poverty.

The removal of the link between inflation and the funding allocated to NISEP is one that NEA NI is concerned with. The funding allocated to NISEP has risen with inflation annually as a rule to date and we are mindful that the extension of NISEP is a temporary measure until DETI introduces any form of an Energy Efficiency Obligation. However, NEA NI would seek reassurance that the removal of the link with inflation will not have a detrimental impact on the volume of intervention that the NISEP can provide to vulnerable households in Northern Ireland.

Incentive payments

NEA NI is supportive of the concept of a cap on the incentive payments made to primary bidders of the NISEP scheme. The suggestion from the NIAUR to cap incentive payments at 6% appears logical and is based on the conclusions from the review of the Energy Efficiency Levy which was carried out in 2008.

Innovative and Renewable energy efficiency measures

In response to the proposed changes to the Non-priority innovative category, NEA NI would question the inclusion of Solar PV as the only renewable technology. NEA NI understands the reluctance of the NIAUR to create duplication in regards to renewable technologies now covered by the new Renewable Heat Premium Payment scheme. However, NEA NI would question the inclusion of Solar PV in two respects (1) cost-effectiveness - this renewable technology has one of the longest pay-back periods for domestic customers and (2) a number of other energy efficiency measures would have to be carried out to an average domestic home before the installation of Solar PV would be recommended. In light of this NEA NI would seek clarification as to the rationale for the inclusion of Solar PV as the only renewable technology in the NISEP scheme. In regards to ring-fenced funding for innovation and renewable energy measures; NEA NI is supportive of the NIAUR's suggestion to implement a 10% ring-fence of funding for innovative and renewable measures.

Scheme provision from April 2013

NEA NI is mindful of the proposals from DETI to introduce an Energy Efficiency Obligation in Northern Ireland; we have submitted a response to this consultation and look forward to working with DETI in the design and development of any obligations. However, NEA NI expressed the desire that NISEP should continue in its current format to ensure there is no gap in service provision for fuel-poor households post April 2013. NEA NI is supportive of the NIAUR in this regard. It is essential that the NISEP should be fully operational until an effective alternative programme is in place. NEA NI would urge DETI to ensure that a functioning scheme remains until the obligation has been established. Any hiatus resulting from the removal of scheme provision would only serve to exacerbate the breadth and depth of fuel poverty in Northern Ireland. Clearly, given the links between cold homes, fuel poverty and adverse health impacts, there would inevitably be detrimental effects to individual households and to the wider society including through additional costs imposed on the health and social services.

Conclusion

NISEP is an important tool for the NIAUR in regards to its duty to protect vulnerable customers in Northern Ireland, consequently NEA NI welcome this practical step by the NIAUR to seek views on the extension of the NISEP for an additional year. The proposed extension of the NISEP by the NIAUR will ensure continuity of scheme provision is maintained for vulnerable customers as other policy interventions are incorporated into DETI's wider energy policy framework.