

CONSULTATION ON THE NIE LEVY ENERGY EFFICIENCY PROGRAMME

Response on behalf of the Northern Investing for Health Partnership's Fuel Poverty Steering Group

Background

In 2005, the Northern Investing for Health Partnership (NIfHP) together with Ballymoney, Antrim and Magherafelt Councils bid for Levy funding which led to the establishment of the Warmer Ways to Better Health (WWTBH) scheme. Eight of the ten Councils now make a financial contribution to the scheme. Over the first 3 years of the scheme, WWTBH benefited 315 households across the NIfHP area through the provision of insulation and central heating packages designed to create warmer, healthier homes and to make them more energy efficient. This year over 600 homes from across all ten Councils within the NIfHP area have been referred to the scheme.

Transparency/Clarity

It is proposed that organisations other than licensed electricity suppliers should be permitted to compete for Levy funding. The Group acknowledges that this proposal could make the Levy more competitive. However, the Group feels that the Levy is best administered by one organisation alone. Having several would increase administrative costs and might create confusion.

The Group agrees that there should be complete transparency regarding Levy funding and that scheme sponsors should be required to explain to customers the origin of funds used to pay for measures particularly as these funds are financed by customers.

The Group suggests that written procedures for the delivery of Levy funding are drawn up to ensure transparency for all parties involved.

Incentives

Under the current arrangements, suppliers receive an incentive payment. This is currently £5,120 for each additional GWh of energy

savings achieved over and above the supplier's target. Any additional funding a supplier obtains from third parties will enable it to undertake more measures and, therefore, earn increased incentive payments.

The Northern Health & Social Services Board's voluntary and community grants scheme has funded two energy efficiency adviser posts and two fuel poverty benefits adviser posts over the last two years. A home energy worker is also funded by Antrim Borough Council. The energy efficiency advisers undertake talks and presentations to health professionals and voluntary and community groups, make home visits and generate referrals to various grant schemes. The fuel poverty benefits advisers offer benefits checks to every person enquiring about energy efficiency grants. Antrim's home energy worker makes house calls to targeted wards to discuss energy efficiency schemes and generates referrals for same.

The Group would suggest that any incentive payments received by suppliers be used to fund these posts as:

- current funding is short-term and uncertain
- these advisers help the supplier to reach their targets and
- 8 of the 10 Councils in the NIfHP area make a financial contribution to the Levy thereby enabling the supplier to earn increased incentive payments.

Focus of the Levy Scheme

It is proposed that the focus of the Levy on priority schemes (currently 80%) should be reviewed.

As every customer pays into the Levy, the Group feels that every customer should have the opportunity to avail of energy saving measures such as the existing cashback schemes and low energy lighting offers. However, in recognition of the high levels of fuel poverty in Northern Ireland, it would suggest that the Levy fund should continue to focus on domestic priority schemes at the current ratio of 80/20.

Reduce the number of Whole House Solutions

It is proposed that the emphasis of whole house solutions should be lessened with a view to enabling measures to be spread over a larger number of homes within the priority group.

The Group understands the proposal to reduce the number of whole house solutions offered through the Levy as experience shows that it is becoming increasingly difficult to find homes which have no central heating or which are using only Economy 7 or solid fuel heating. While this change to the Levy would enable more insulation measures to be undertaken, the Group feels that it is important that a house is fuel poverty proofed.

The Group would also suggest that the Levy fund include the replacement of old oil boilers as many are inefficient and expensive to run. This could prove to be a particularly popular measure if replacement oil boilers are removed from the Warm Homes scheme as is currently being proposed.

Assistance with cost of heating oil

The experience of locally based advisers is that some people do not operate their oil central heating systems or are unwilling to install a new oil central heating system because they cannot afford a fill of oil. The Group would, therefore, welcome an initiative that addressed this issue.

However, although a scheme to assist the purchase of heating oil is an appealing suggestion, there is a concern that if people are given oil free of charge, they become less energy efficient. This could also be very difficult to manage. The Group would suggest that the relevant agencies explore social tariff or voucher schemes and that the Levy money is used to fund energy efficiency measures and/or advisers but not to pay for fuel.

Warm Homes

The Levy fund currently subsidises some Warm Homes jobs. The Group suggests that the Warm Homes Scheme be fully funded by DSD thereby freeing up more Levy money.

The current consultation on the Warm Homes scheme proposes a change to the scheme's criteria that would make it open to those clients who would otherwise have benefited from the Levy funded schemes. The Group welcomes the expansion of the Warm Homes scheme and see this as an opportunity for the Levy schemes to reach other groups vulnerable to fuel poverty.

Increasing the Levy

The average domestic customer pays £2.70 p.a. towards the Levy fund. The Group feels that the amount paid per customer could be increased without disadvantaging consumers as long as fuel poverty initiatives are ring-fenced. The Group would also suggest that the Utility Regulator consider the possibility of extending the Levy contribution to oil and gas although would be concerned that customers might then pay several times towards the Levy fund.

Timeframe of the Levy

The Levy currently runs during a financial year. This means that schemes become available in April and close in October thereby giving suppliers enough time to complete measures before the end of March.

The Group suggests that the Regulator consider changing the timeframe of the Levy so that schemes open in September. The experience of locally based advisers is that it can be difficult to interest people in insulation and heating measures in spring and summer and that most enquiries come when the weather turns colder in September. It is also often at this time of year that people discover that their heating system is not working properly.

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