



Irish Rural Link
Nasc Tuaithe na hÉireann

A VOICE FOR RURAL IRELAND

Irish Rural Link submission to the Inter-Departmental/Agency Group on Affordable Energy on an Affordable Energy Strategy

23rd April 2010

Name of Organisation:	Irish Rural Link
Address of Organisation:	Unit 2A, Moate Business Park Clara Road, Moate Co. Westmeath
Phone:	090 6482744
Fax:	090 6481682
Website:	www.irishrurallink.ie
Name of Contact Person:	Seán O'Leary
Phone	090 6482744
E-Mail Address:	sean@irishrurallink.ie

1. Introduction

Irish Rural Link welcome this opportunity to make a submission on the Inter-Departmental/Agency's Consultation Paper, recognising it as an important step in the development of a long overdue structured plan to address energy affordability/fuel poverty. As noted in the Consultation Paper understanding energy poverty is central to the understanding of energy affordability and this is influenced by a complex mix of economic and social issues. This is particularly true in a rural context. We urge the Group on Affordable Energy to be ambitious in setting targets for the alleviation of fuel poverty and energy inaffordability.

The following submission begins with a discussion of rural fuel poverty and the need for a rural fuel poverty section in the national Strategy. It then examines the 15 questions contained in the Consultation Paper. Irish Rural Link is a member of the NGO fuel poverty working group which is also making a submission as part of this process.

2. About Irish Rural Link

Irish Rural Link (IRL) was formed in 1991 and is a national network of organisations and individuals campaigning for sustainable rural development in Ireland and Europe. IRL, a non-profit organisation with charitable status, has grown significantly since its inception and now directly represents over 300 community groups with a combined membership of 25,000.

The network provides a structure through which rural groups and individuals can articulate their common needs and priorities, share their experiences and present their case to policy-makers at local, national and European level. Our mission is to influence national and European development policies and programmes in favour of those who are marginalised as a result of poverty and social exclusion in rural areas. Irish Rural Link is the only group represented at the national social partnership solely representing rural communities' interests.

Irish Rural Link's vision is "of vibrant, inclusive and sustainable rural communities that contribute to an equitable and just society".

Irish Rural Link's aims are:

- To articulate and facilitate the voices of rural communities in local, regional, national and European policy arenas, especially those experiencing poverty, social exclusion and the challenge of change in the 21st century.
- To promote local and community development in rural communities in order to strengthen and build the capacity of rural community groups to act as primary movers through practical assistance and advice.
- To research, critique and disseminate policies relating to rural communities including issues such as sustainability, social exclusion, equality and poverty.
- To facilitate cross-border networking between rural communities.

3. Rural Fuel Poverty

It is disappointing that the Consultation Paper does not refer to rural fuel poverty as a distinct issue, considering, for example, that has been estimated that Carbon tax could cost rural households €275 a year compared to just €25 per household in some urban areas¹ and figures from England show rural households are twice as likely to live in fuel poverty than urban homes. Consideration of rural specific issues and circumstances is required to understand energy affordability in rural households. Any Strategy requires a section specifically on Rural Fuel Poverty.

Rural households' disposable income is below that of their urban counterparts and the percentage of people at risk of poverty is higher in rural than urban areas. According to the Institute of Public Health² the risk of fuel poverty in Ireland rises "exponentially when annual household income falls below €30,000". The incomes of rural households, particularly those of smallholders and older people living alone, is often less than half this.

There is an urgent need to examine the circumstances of rural households which are vulnerable to fuel poverty. In England more than 21% of households in villages, isolated dwellings and hamlets are living in fuel poverty, compared to just 12% of households in urban areas.³

Recent gas price reductions do little to relieve the energy affordability burden faced by rural households. Higher standing charges already apply to rural electricity users and higher rates of carbon tax is levied on the domestic fuels on which they depend. Rural households have limited opportunities to switch fuels and spend three times as much on turf and peat and approximately 50% more on coal than their urban counterparts. Rural households spend twice as much as urban households on central heating oil. Urban households rely to a lesser extent on oil, coal and turf for heating and have greater access to piped gas (on which a lower carbon tax is levied).⁴

Turf is an inexpensive source of fuel and can be at least 60% cheaper than oil. This has undoubtedly prevented some rural households experiencing fuel poverty. The phased cessation of turf cutting in certain areas over the coming years will expose a significant number of households to fuel poverty. Irish Rural Link estimate that up to 1000 vulnerable households will face the sudden and immediate costs of converting existing heating systems and more expensive fuels.⁵ The Inter Departmental/Agency

¹ Lyons, S. and Tol, R.S.J. (2010) Ireland's Sustainable Development Model STRIVE Report, Environmental Protection Agency, available at http://www.epa.ie/downloads/pubs/research/econ/STRIVE_47.pdf, page 5

² McAvoy, H., (2007), *All-Ireland Policy Paper on Fuel Poverty and Health*, Dublin: Institute of Public Health in Ireland

³ Commission for Rural Communities (2009), Energy and Climate Change Work Programme, <http://www.ruralcommunities.gov.uk/files/Climate%20change.pdf>

⁴ Census 2007 figures detailed in Irish Rural Link (2009), "Ignoring Rural Realities: The Implications of a Carbon Tax for Rural Ireland" available at www.irishrurallink.ie/Publications/IRL%20Briefing%2009.01%20Carbon%20Tax%20and%20Rural%20Ireland.pdf

⁵ Irish Rural Link (2009), "Submission to the Working Group on the cessation of turf cutting on certain raised bogs SACs and NHAs", available at <http://www.irishrurallink.ie/Publications/TurfCutting.pdf>

Group must interact closely with the interdepartmental Working Group on the Cessation of Turf Cutting.

We recommend a Rural Fuel Poverty section be included in the Strategy which must address the following:

- The condition of the rural housing stock;
- The rural population profile;
- The mix and accessibility of fuels used by rural households;
- The implications of the carbon tax;
- The role of turf and self sufficiency.

Section 4 below outlines Irish Rural Link's responses to the consultation questions posed in the paper, set out in tabular form as requested.

4. Irish Rural Link Response to Specific Consultation Questions Posed

Question 1	As outlined in Section 2, supports in this area are currently delivered through a combination of income support schemes and thermal efficiency based schemes. What is your view of this approach and what changes would you suggest?
Comments	<p>It is important to address fuel poverty through both income support and thermal efficiency schemes, though if properly designed, i.e.</p> <ol style="list-style-type: none"> Where levels of investment are sufficient; Schemes are designed to ensure that all elements that result in fuel poverty are met, with evidence to support the effects of the schemes in addressing fuel poverty; Schemes are targeted at those living in or at risk of fuel poverty, and appropriate data to ensure this is collected; <p>we envisage the focus of measures to address fuel poverty shifting from income supports to a primarily energy efficiency measures based system over time.</p>
Question 2	What changes would you suggest to the income support schemes to improve delivery and effectiveness?
Comments	<p>Receipt of income support should be linked to household's experience or risk of fuel poverty. Factors such as impact on health, ability to pay/low income, location and whether they are living alone all play a role. The generation of appropriate data is needed to identify these households.</p> <p>Income supports need to be index linked to fuel costs. For example, in the last 12 months there was an increase in home heating oil (on which rural households are more dependent) by 37.6%.</p> <p>The group must consider introducing a cold weather payment to combat large bills associated with severe cold snaps e.g. winter 2009/2010 (particularly if fuel debt is an indicator of fuel poverty as is the case in the UK).</p> <p>An additional Smokeless Fuel Allowance worth €3.90 is paid to low-income households to help them meet the extra costs of smokeless or low smoke fuels in certain parts of the country. Such a 'top up' is not available to any rural households who are</p>

experiencing fuel poverty. In 2007 286,200 households, received the fuel allowance, with 117,800 receiving the smokeless 'top up'. 300,000 households are projected to receive the fuel allowance in 2009, of which 120,000 receive the additional €3.90 smokeless allowance. The Smokeless Fuel Allowance is not linked to fuel poverty policy and should be replaced with a carbon tax allowance for all vulnerable households.

The current weekly fuel allowance system is of limited benefit to those unable to meet up front cost of filling oil tank for their central heating. Alternative payment methods for income supports should be introduced e.g. lump sum payments for those using home heating oil.

Eligibility requires a root and branch review. People's risk of fuel poverty should be the essential determinant, not solely whether they are in receipt of long term payment.

We need to implement a Cards payment system in place of cash payment scheme to safe guard the home owner. The possibility of cold weather payments must also be examined.

If implemented the 11 per cent increase in the winter fuel allowance for those on social welfare and pensions from next September, reported on December 10th 2009, will alleviate some of the urgent risks of increased fuel poverty associated with the carbon tax⁶ but where this fits in wider strategy must be considered.

Irish Rural Link advocate a Social Electricity Tariff and the abolition of the higher standing charge for fuel poor rural customers. Changes are needed in the provision and administration of the household benefits package and units in the household benefits package should be put to tender to ensure that the best rate is offered to DFSA.

Ireland's dependency on fossil fuels and small energy market increases the pressures for the fuel poor. Electricity providers have worked to assist those unable to pay their electricity bills but this does nothing for households unable to pay their local coal or oil suppliers.

Carbon Tax: This will place pressure on poorer households by further increasing fuel prices, in particular rural households. It

⁶ Reported in 'Carbon Tax adds 4.2c to petrol and 5c to diesel' by Harry McGee, *The Irish Times*, 10th December 2010

	<p>is being introduced on home heating fuels in May but no compensatory measures have yet been announced by Government and this is a huge concern for us. We propose recycling of revenue raised from a carbon tax to support fuel poor households through:</p> <ul style="list-style-type: none"> • Compensation of €3 per adult per week and €1.20 per child per week for all households on a social welfare payment or FIS • People living alone should receive 70% of the compensation that an eligible couple would receive • Short term measure of compensation with a longer term emphasis on sustainable energy • Further funding for Home improvement and Energy Efficiency
--	--

Question 3	<p>What changes would you suggest to the Warmer Home Scheme to improve delivery and effectiveness? In your answer please have regard to the eligibility requirements, the measures that are available, the delivery mechanisms and the knowledge and awareness of the scheme?</p>
Comments	<p>The complexity and spillover of schemes makes it difficult for households to assess available supports and makes comprehensive analysis of under spends and the targeting of measures difficult. Evaluations of the schemes must be undertaken or results of any internal analyses made public.</p> <p>The Affordable Energy Strategy must investigate how to build the capacity of community groups to identify houses vulnerable to fuel poverty and direct them to appropriate schemes. The Warmer Homes Scheme and Home Energy Saving Scheme should include air tightness testing as standard.</p> <p>Eligibility for the WHS needs to be reviewed and there must be better coordination with local community organisations in the delivery of the scheme. It must be ensured that there is CBO coverage across the country and that opportunities for locally based employment, including links with the Rural Social Scheme, are explored. Rural areas have suffered from the collapse of the construction industry which employed significant numbers there. They already possess many of the skills required to upgrade homes and these must be tapped.</p>

Question 4	What changes would you suggest to the Home Energy Saving Scheme to improve delivery and effectiveness? In your answer please have regard to the eligibility requirements, the measures that are available, the current level of grant supports, the delivery mechanisms and the knowledge and awareness of the scheme, particularly among landlords?
Comments	Eligibility for the HESS should be extended and should include air tightness testing. All registered contractors must be suitably trained & qualified in all facets of delivery including insulation & providing energy advice. More generally, better dissemination of information about schemes is required.
Question 5	What changes would you suggest to the retrofitting schemes administered by DEHLG to improve delivery and effectiveness? In your answer please have regard to the eligibility requirements, the measures that are available, the delivery mechanisms and the knowledge and awareness of the scheme?
Comments	<p>The scope of Housing Aid for Older People must be expanded on pilot basis to include finance for central heating and double-glazed windows. The eligibility of owner occupiers for the Housing Aid and home adaptations grant must be made clear.</p> <p>Schemes such as housing aid for older people, disabled persons grant, housing adaption scheme, can be delivered using local employment consisting partnership of private public & CBOs, similar to the UK's Warm Home Strategy.</p> <p>The situation where currently 'housing aid for older people' is not available in every local authority area cannot be allowed continue.</p>
Question 6	What new policy intervention would you like to see introduced to improve the energy performance of homes?
Comments	<p>The highest standards of energy efficiency should be integrated into housing at the design stage and building regulations should be reviewed on a regular basis to ensure they reflect advancements in the areas of construction and technology.</p> <p>A question regarding the house condition / situation should be included in the census. A comprehensive and regular house condition survey is needed. This must include a section on demographic, socio-economic and attitudinal information on household, as they do in Northern Ireland. Improvements should be offered through a 'one stop shop' whole house approach.</p>

Question 7	Do you think that the existing Programmes and supports are marketed correctly and what measures would you like to see introduced to increase awareness of the schemes?
Comments	<p>Irish Rural Link⁷ have argued for a national advisory helpline on energy affordability- this would give information on the implementation of the carbon tax, outline alternative sources of fuel, different options, schemes available, the steps required when shifting fuel sources and considering alternatives etc. This would alleviate confusion and reduce the risks of fuel poor households attempting to save money by unsafe methods, such as burning unfamiliar fuels or blocking ventilation which has led to deaths in rural areas.</p> <p>A budget should be retained for radio / TV ads, billboards & web based advertisements on the role of energy efficiency in combating fuel poverty & on available energy-saving schemes.</p> <p>Opportunities for NGOs to advise households on energy efficiency as well as household budgeting advice should be identified. The Affordable Energy Strategy must investigate how to build the capacity of community groups to identify houses vulnerable to fuel poverty and direct them to appropriate schemes.</p> <p>The role of NGOs and communities in distributing preventative information such as the Keep Well and Warm leaflet and Irish Rural Link’s “Coping with carbon tax” should be explored.</p>
Question 8	What are the strengths and weaknesses of the current working definition of energy poverty in Ireland in comparison to the alternative definitions outlined above?
Comments:	<p>IRL question the suitability of an Australian-style definition discussed in detail in the Consultation Paper, particularly as it suggests we require a baseline on housing status and conditions which we currently lack. It will take at least two years to develop such a baseline which compromises its usefulness in what is to be a 3 year, action orientated strategy. Any definition must be adequate, fair, comprehensive and accessible.</p>

⁷ Detailed in Irish Rural Link’s pre-budget submission 2010 “Ensuring Regional Recovery, Enhancing Local Resilience”, available at www.irishrurallink.ie

Question 9	Taking the above factors into account, what do you think is an appropriate definition of affordable energy for use by Government?
Comments:	<p>We believe the closest guide should be the Northern Ireland & Scotland systems.</p> <p>The nature and circumstances of vulnerable groups such as Older People (who are more susceptible to cardiovascular and respiratory illness associated with fuel poverty), rural households and the working poor must be central.</p> <p>Proposed Definition – The inability to achieve adequate warmth because of the energy inefficiency in the house and the household spends more than 10% of its income on all household fuel use. We aim to meet a minimum energy performance rating of “D” for a suitably comfortable home.</p>

Question 10	Taking account of question 9, what measurement method or combination of methods do you consider would be most appropriate in the Irish context?
Comments	<p>A detailed survey of housing conditions is essential, as are evaluations of the WHS and HESS. The detailed survey of housing conditions must be initiated on a 2 year basis. This survey would bring together data on households and housing and examine household income, its energy source/costs and the energy efficiency and standard of the dwelling.</p> <p>Social Welfare rules for means testing must be considered. The DEHLG must have an input into inefficient housing design, as do local authority, BER and CSO data on housing conditions.</p> <p>There is a need to examine the fuels available to households, including rural households which are off gas, reliant on self cut turf or hard to heat. Indicators must take into account the amount of self generated fuel used by rural households (e.g. turf, wood) and the possibilities for future reductions or restrictions of this fuel source for rural households. For example the cessation of turf cutting on certain bogs will plunge some rural households into a fuel poverty situation.</p>

Question 11	What data source(s) do you consider should be used by Government to measure, record and report on affordable energy?
Comments:	CSO, House Data Survey (from the proposed new survey), ESRI, Smart Metering systems, seasonal or excess winter mortality rates, feedback from NGOs are all essential. A Rural Fuel Poverty section be included in the Strategy which must address the following: <ul style="list-style-type: none"> · The condition of the rural housing stock; · The rural population profile; · The mix and accessibility of fuels for rural households; · The implications of the carbon tax; · The role of turf and self sufficiency.
Question 12	What questions do you think need to be included on a survey to gather information relevant for measuring, recording and reporting in affordable energy?
Comments:	Questions on existing insulation , existing appliances, water supply, water heating measures, central heating/space heating measures, lighting requirements, occupancy measures, glazing type, year of build, tenure, orientation of housing, presence of cold and damp, income, available fuel options, fuel type, time spent at home, energy sources, user behaviour, average indoor temperature, average monthly fuel bill are all required.
Question 13	Are the current mix of measures as outline in Section 2 targeted at the most vulnerable groups? If your answer is no what changes would you suggest?
Comments:	This is hampered by a lack of data with no comprehensive survey data available to assist the targeting vulnerable groups. IRL’s recommendations regarding this question are reflected throughout this submission.
Question 14	What role, if any, do you see for the BER system for assisting policy makers in this area?
Comments:	BER should include a value i.e. actual current cost to house holder following initial survey. To be useful the BER should also show payback periods (similar to HALO), not just a rating. This would be more user friendly and more likely to encourage action.

Question 15	What indicators do you consider should be included in a monitoring and reporting framework?
Comments:	<p>Improved data and monitoring of fuel poverty and housing conditions is vital. We urge the Group on Affordable Energy to be ambitious in setting targets for the alleviation of fuel poverty and energy inaffordability. The complexity of schemes makes it difficult to assess under spends and the success or otherwise of the targeting of measures. Increased monitoring requires the use of all indicators used by UK, noted in Annex 4 of the Consultation Paper - though using DEAP not SAP. However in addition to the UK indicators, rural circumstances, particularly the use of 'self sufficiency' fuels such as domestic cut turf must be included. A comprehensive implementation plan needs to be drawn up as part of the Strategy. The strategy must set out what proportion of carbon tax income is ring fenced to address fuel poverty.</p>

References and Reading

Irish Rural Link (2009a), “Coping with Carbon Tax”, December 2009, available from <http://www.irishrurallink.ie/Publications/Coping%20with%20Carbon%20Tax.pdf>

_____ (2009b), “Ignoring Rural Realities: The Implications of a carbon tax for Rural Ireland, IRL Briefing Note 09/01 March 2009, available from http://www.irishrurallink.ie/index.php?option=com_content&task=view&id=79&Itemid=107

O’Leary, S. (2010), “Rural Fuel Poverty in Ireland”, *Energy Action*, No. 109 January 2010