

The Redesign of Ireland's Energy Efficiency Obligation Scheme

Department of the Environment,
Climate and Communications

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**Society of St Vincent de Paul
National Office
91/92 Sean McDermott St.
Dublin 1**



Responses to select questions.

5.1 Do you agree with our proposal that a certain proportion of obligated parties' energy savings must come from measures delivered in the residential sector (the Residential Delivery Sub-target)?

SVP agrees that a certain proportion of energy savings must come from measures in the residential sector

5.2: Do you agree that, of these residential savings, a certain proportion must also come from activity in energy poor homes (the Energy Poverty Delivery Sub-target)?

SVP agrees that a proportion of residential savings must be delivered in energy poor homes.

Question 5.4: Do you agree with our proposal that at least 15% of all EEOS savings, equivalent to 5,464 GWh cumulative final energy savings, must be delivered in the residential sector?

SVP agrees that at least 15% of EEOs savings must be delivered in the residential sector.

Question 5.5: Do you agree that at least 5% of the EEOS Target (a third of the Residential Delivery Sub-target), equivalent to 1,821 GWh cumulative final energy savings, must be achieved through measures delivered in energy poor homes?

SVP recommends that a larger proportion of the Residential Delivery Sub-target is delivered in energy poor homes. The proposal currently stands at 5% of the overall target, which is equivalent to a third of the residential target. This is the same proportion as the existing scheme (as noted in the consultation document 'a similar proportion of savings as was required under the 2014-20 EEOS' p29).

The government stated in 'Our Shared Future' that they would 'Amend the Energy Efficiency Obligation Scheme to boost the supply of retrofits, by increasing the targets which obligated parties must deliver, including for domestic homes and those in energy poverty' (p37). SVP welcomed this announcement and is disappointed to see that it is not translated into a larger ring-fenced element of the scheme. While the overall target for the EEOS is larger, and therefore an equivalent percentage will see more savings under the energy poverty sub-target, we would like to have seen more ambitious use of the scheme to target households in energy poverty by increasing the proportion ring-fenced.

There are a number of factors that lead to SVP recommending a higher proportion of the target is focussed on those in energy poverty.

Firstly, the current target is expected to be exceeded (for EEOS 2014-2020 obligated parties are expected to exceed their Energy Poverty target by 20% (consultation paper footnote p29)). This demonstrates that there is both capacity and appetite to reach more people in energy poverty than the existing 5% stipulates.

Secondly, energy poor households are currently experiencing upward pressure on their energy bills due to unit price increases as well as the cost of environmental taxes and levies. As the EEOS scheme is financed by all customers, including the energy poor, it is only right that they are afforded particular focus of efforts to minimise the energy they need to pay for.

Finally, the amount of energy efficiency measures needed in energy poor homes, and the assistance needed by these households to make improvements, means the EEOS should focus available resources on these homes to reduce widening inequality between those households who can afford improvements independently, and those that require assistance.

Question 6.2: Do you agree with our proposed requirements for delivery under the Energy Poverty Delivery Sub-target?

SVP understands that the broad policy intent is to target deeper retrofitting and energy efficiency measures, and that therefore the delivery requirements for the Energy Poverty Delivery Sub-target in the next phase of the EEOS will focus on households who are in receipt of a Warmer-Homes eligible welfare payment, and are in homes lower than E1 rating, and where the works then achieve a B2.

We welcome the recognition that there are still many households in energy poverty living in very low BER rated homes, and that these households urgently require significant assistance, and moving the property to B2 level would lead to a relief from the cost of very high bills.

However, it is important to note that moving a property to B2 level will not be adequate to move a household out of energy poverty if their income is inadequate in the first place (research from the Vincentian Partnership for Social Justice has shown that even at the highest efficiency level examined, social welfare dependent households tended to remain in energy poverty due to income adequacy. Available at: [Minimum Household Energy Need \(svp.ie\)](http://MinimumHouseholdEnergyNeed.svp.ie)). We therefore recommend that alongside the requirement that post-works the property reaches a B2 or higher, there is longer term evaluation with households to assess whether the works effectively moved them out of energy poverty. This evaluation, though not effecting whether the works can be considered to count against the sub-target, should be used to assess the progress of the programme and inform later stages of the EEOS.

In addition to the point above, we recognise that undertaking deep retrofits is vital to Ireland meeting its climate targets as well as being very important for households in energy poverty. However, shallower measures also represent an important step forward, especially for households with a long way to travel towards achieving top BER ratings. For those in energy poverty, deep retrofits may be unachievable for a number of reasons, but shallower measures will bring considerable relief to bills and experience of living in an inefficient home.

As mentioned in our submission on the EEOS in 2016, SVP suggests that consideration be given within the scheme to targeting energy saving measures that have direct, short-term but enduring effects on households in energy poverty, e.g., roof insulation, window replacement, external door replacement, high efficiency boilers. Many of the energy saving credit measures have longer term benefits and require more intervention by the householder to achieve the benefits which would not be appropriate to address the needs of the energy poor. Measures such as replacing windows or doors do not constitute a deep retrofit but do bring tangible relief and a step towards energy efficiency.

Based on our understanding of the consultation document that the 'pathway to B2' option does not apply to the energy poverty sub-target, we therefore recommend that an additional proportion of the target, on top of the 5% for deeper retrofitting, be delivered to homes that are in receipt of a Warmer Homes eligible welfare payment, regardless of the other two criteria points (ie. they are in receipt of a welfare payment but their home may be higher than BER E1, or the works may not lead to the home achieving BER B2). This should be delivered in addition to the ringfenced 5% for deeper retrofitting activity.

A final consideration from SVP's point of view is the outcomes for specific groups in energy poverty. We are particularly concerned about households in private rented accommodation who currently suffer from a lack of strategy and eligibility for existing energy poverty focussed retrofitting schemes.

The UK's 'Energy Company Obligation' scheme allows private tenants to avail of the scheme therefore maximising the numbers of energy poor households who are assisted. Depending on the energy efficiency rating of the property the measures that can be carried out under the scheme are subject to some limitations. (Full details are available at page 41 of the Delivery guidance notes https://www.ofgem.gov.uk/system/files/docs/2021/03/eco3_guidance_delivery_v1.6.pdf.) Additionally, in the UK local authorities have the power to make a declaration to energy companies that a particular household should be eligible for grant support.

The local authority can declare in writing that a household is living on a low income and is either particularly vulnerable to the effects of a cold home or is living in housing that cannot be kept warm at a reasonable cost. (details here: Energy Company Obligation 3: local authority eligibility guidance (publishing.service.gov.uk)). SVP believes this would be a useful system to explore for the Irish context, for example by including tenants in receipt of Housing Assistance Payments.

We recommend that the EEOS eligibility criteria for energy poverty measures is reviewed when there is a wider national strategy in place for retrofitting the private rented sector which must be a priority for DECC. This plan must include vital tenant protections including the need for long term leases to prevent eviction or rent increases after works are completed. The EEOS could at that point incorporate private tenants in energy poverty into the scheme, as in the UK.

In summary, the three recommendations on delivery are: firstly, there is an additional evaluation carried out after the works to examine effect on overall energy poverty; secondly, that an additional proportion of the residential sub-target is used for households in receipt of social welfare payments that don't satisfy the pre or post BER criteria; and thirdly, to review the eligibility of private rented tenants in energy poverty when there is a national strategy including tenant protections in place.

Question 8.2: In your opinion, how often should the scheme be reviewed, e.g. after three years; after four years; after five years?

Please see full response to Question 6.2: We recommend that the EEOS eligibility criteria for energy poverty measures is reviewed when there is a wider national strategy in place for retrofitting the private rented sector which must be a priority for DECC. This plan must include vital tenant protections including the need for long term leases to prevent eviction or rent increases after works are completed. The EEOS could at that point incorporate private tenants in energy poverty into the scheme, as in the UK.

Question 9.1: Do you think there is a case for the provision of additional information to all consumers, via bills or otherwise, on their consumption and/or on potential energy savings?

Sharing information on the importance of energy efficiency and potential eligibility for financial support could prompt some customers to consider using the EEOS and therefore would be valuable in promoting the schemes.

SVP recommends the introduction of a service of local community energy advisors who can support households in energy poverty and hard to reach energy users who would most benefit from energy efficiency advice, grants and upgrades across all tenures. In partnership with SEAI and local organisations the service should provide holistic energy support to households in need of additional advice and support to make the most of available opportunities.

Regarding providing further information on bills, there are a number of considerations:

Firstly, some energy customers are not able to control the energy efficiency of their home as they are not the property owner. These customers may not be able to action suggested measures on energy efficiency and may already have minimised consumption to the best of their ability with limited agency over the home. Energy efficiency advice should be presented in a way that is sensitive to these factors and doesn't suggest to already low energy users that limiting their energy use further is the only way to lower bills.

Secondly, bills are already complex and it can be difficult to decipher what is key information, what is additional information, and what actions need to be taken. If additional information is provided on bills it must only be introduced in a way that doesn't lead to people missing out on other key points.

Question 9.2: How could the provision of such information be implemented cost effectively and in a way that benefits all consumers, whether on bills or otherwise?

As above, SVP recommends that a service of local community energy advisors is needed to support households in their energy use.

Regarding information on bills, it is important that households availing of prepayment meters (hardship and lifestyle meters) are not bypassed in communications that promote the EEOS as they don't receive regular bills. If information on the EEOS is provided on bills or similar communications, provisions should be made that these customers also receive the information from their supplier.