

Joint Oireachtas Committee on Climate Action
Wednesday, 10 July, 2019
Opening Statement by Matt Collins, Assistant Secretary General, Energy,
Department of Communications, Climate Action and Environment

Introduction

Good afternoon Chair and members of the Committee. Thank you for the invitation to address today's meeting on the subject of energy poverty.

I am joined by Robert Deegan, Principal Officer and Eileen O'Connor, Assistant Principal from the Department's Energy Efficiency and Affordability Division as well as Jim Scheer, Head of Policy Insights and Design in the SEAI.

Energy Poverty

Energy poverty is an inability to heat or power a home to an adequate degree. It is essentially a function of three factors: a person's income; the cost of energy; and the energy efficiency of the home.

Addressing energy poverty is therefore important in terms of improving the living standards and conditions of some of our most vulnerable citizens as well as contributing to our transition to a low carbon society.

Energy Poverty Research

The difficulties associated with measuring energy poverty are well recognised and a variety of approaches can be taken in calculating how many people are living in energy poverty.

(i) 2016 Energy Poverty Study

A 2016 study, commissioned by the Department, applied what is called an objective approach to measuring energy poverty. This involved modelling what the typical household has to spend on energy to keep their home heated and compared that to household income. Essentially, any household that spent more than 10% of net income excluding housing costs was categorised as being in energy poverty.

The research found that 28% of Irish households were in fuel poverty using modelled fuel expenditure as a percentage of income. In recent months, the ESRI applied the same methodology and its analysis showed that the rate of households spending more than 10% of their income on heating now stands at 17.4%. The key driver of this change has been increases in household income.

It is important to note that the rate of energy poverty can vary significantly depending on characteristics such as: location; dwelling type; main heating fuel; BER rating; tenure; and employment type.

A separate ESRI study also noted the strong correlation between energy poverty and basic deprivation, suggesting that energy poverty is primarily a function of inadequate resources to cover living costs rather than simply an energy issue.

(ii) CSO Energy Poverty Indicators

In order to address data challenges in relation to energy poverty, my Department and the SEAI are participating in a Central Statistics Office led project to develop energy poverty indicators.

It is anticipated that this work will provide valuable outputs in terms of informing future national policy and presenting key statistics in the public domain to further our understanding of how to alleviate energy poverty. We are also hopeful that it will also help us to focus energy poverty supports on those most in need.

This project is ongoing and the CSO has indicated that it will begin publishing reports in late 2019 or early 2020.

Policy responses to energy poverty

A range of policy responses are in place to address energy poverty. These include:

- Income supports provided by the Department of Employment Affairs and Social Protection;
- Protection for vulnerable consumers via the Commission for Regulation of Utilities;
- The enhancement of the building regulations by the Department of Housing, Planning and Local Government; and
- The energy poverty focused efficiency schemes that are funded by the Department of Communications, Climate Action and Environment and administered by the SEAI.

Energy Efficiency

There is a strong rationale for helping low income households to be able to heat and light their homes adequately through dedicated energy efficiency support schemes.

While improving the energy efficiency of the home may not be sufficient to lift a household out of poverty, it can drastically and permanently reduce their energy needs in a way that income supports cannot.

The key role of energy efficiency is reflected in the Climate Action Plan's objective of retrofitting 500,000 homes by 2030. A high level Retrofit Taskforce has been established and a total of €3.7 billion has been provided under Project Ireland 2040 to support the achievement of this target.

Energy Efficiency Schemes

The Warmer Homes Scheme is our primary grant support scheme for households in energy poverty. The Scheme provides free energy efficiency upgrades to vulnerable households, making those homes warmer and more affordable to heat.

Recent years have seen a significant increase in the funding provided for the Warmer Homes Scheme. The allocation has increased from €15 million in 2015 to stand at €40 million in 2019. In addition to increased funding, the scheme has also been expanded to include deeper measures such as external wall insulation, heating upgrades and window replacements in the worst performing homes. The eligibility rules underpinning the scheme have also been extended to encompass greater numbers of people.

The Department also funds the Warmth and Wellbeing Scheme which is a joint policy initiative with the Department of Health. This pilot scheme aims to investigate the health impacts of improving the energy efficiency of a home.

Since 2016 over €25m has been invested in improving homes under this scheme, based in the Dublin 8, 10, 12, 22 and 24.

Other schemes administered by the SEAI such as the Better Energy Communities scheme also provided higher rates of grant for lower income households.

These schemes have resulted in over 140,000 homes receiving free upgrades since 2000.

Conclusion

In conclusion, energy efficiency measures are central to addressing the root causes of energy poverty as opposed to just treating the symptoms. The Department will therefore continue to improve how energy poverty schemes target those most in need in line with our Climate Action Plan commitments.