Addressing Energy Poverty in Ireland

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Introduction

With the introduction of climate change policies and with depleting levels of fossil fuels, fuel prices are expected to rise, in both household energy and transport energy. As a result, an increasing number of households could face difficulties in their ability to afford their energy bills, to adequately warm their home and fulfil their travel needs. For this reason, there is a need to re-examine the specification and targeting of energy poverty policy.

Next Generation Energy Systems (NexSys) is an all-island, multidisciplinary energy research programme hosted by the UCD Energy Institute. One strand of this research program aims to identify groups at risk of energy poverty in Ireland, including those affected by transport energy poverty (transport energy is usually neglected when addressing energy poverty). A key component of the project will be to identify public policies which address both the environmental and social challenges associated with energy. Such policies would protect vulnerable households, communities and nature as well as ensuring a just transition.

Energy Poverty

For public policies to be effective, they need to target the right people because if they are inadequately targeted then they will never achieve their intended purpose.

The concept of poverty is usually used to explain inequalities in relation to income. An individual with little or no income will be identified as living in poverty. In contrast, energy poverty refers to inequalities in relation to energy use and energy access. There will often be an overlap between individuals who are living in poverty and those who are living in energy poverty. However, energy poverty is not confined to low-income households. In Ireland, a household is regarded as being in energy poverty if it is unable to attain an acceptable standard of warmth and energy services in the home at an affordable cost (L. & R. S., 2022). This

definition is seen to be dependent on three factors – a household's income, the cost of household energy, and the energy efficiency of a dwelling.

However, energy is not just used within the home because it is also used for transport. Most people use private or public transport in order to commute to work. They may also need transport to access essential services such as health care, education and to purchase food or clothing. For this reason, transport energy can be considered as a basic necessity.

Historically, energy use within the home, and energy use for transportation, were treated as different areas of research, leading to the development of two concepts of poverty - energy poverty (access and affordability of domestic energy use) and transport poverty (access and affordability of private and public transport). However, recently academics and policy makers have begun to recognise the significance of transport energy use in relation to energy poverty. This has led some experts to argue that they are not distinct conditions but instead have overlapping causes and links (Mattioli et al., 2017; Lowans et al., 2023).

The success of energy poverty policies will depend on the dimensions of energy poverty used when targeting remedial policies. If energy poverty is typically associated with heating and energy services within the home, the suggestion that energy uses beyond this can be considered as basic necessities brings a wider set of energy-related vulnerabilities that might affect other sections of the population.

A study from the UK (Chatterton et al., 2016) which combined readings from over 24 million domestic energy meters and the car usage data from over 27 million individual vehicles, found that energy usage differed across urban and rural areas. Income appeared to have an effect on energy consumption, but it was not the overall determining factor since geography also appeared to have an influence.

Another study from the UK (Salutin, 2023) investigated the financial burden of transport on UK households. The study revealed that transport is the largest single household expense, excluding mortgage repayments, for rural families, and the second largest for urban families. It was estimated that 5 million individuals in the UK are being pushed into income poverty because of their transport costs. Additionally a further 8 million individuals who are already living in poverty, would find their poverty exacerbated because of transport costs. Similarly, in France, research has suggested that high transport costs for commuting can result in domestic energy poverty (Jouffe et al., 2013).

Under current climate plans, direct energy use for heating, cooking, and transport is likely to become increasingly electrified. Therefore, it is important to consider how a household

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manages all of their direct energy use, whether from electricity, gas, petrol or diesel since they may all become channelled into just one energy source - electricity. To support a just energy transition, we need to implement energy policies that tackle climate change while improving, rather than worsening, socioeconomic and spatial inequalities.

Energy poverty measures

The three main approaches for tackling energy poverty in Ireland are:

1. Reducing demand for energy by improving energy efficiency in homes i.e., by providing State grants via the Sustainable Energy Authority of Ireland (SEAI) for retrofitting homes.

2. Supplying income supports like the Fuel Allowance, and subsidising energy bills through the Household Benefits Package.

3. Introducing energy consumer protection measures. For example, every energy supplier in Ireland has a legal responsibility to address energy poverty among their customers and ensure that vulnerable customers are not disconnected during the winter months.

It could be argued that only one of these approaches - improving building energy efficiency - is in-line with climate change policies, because it is concerned with reducing energy consumption. However, only a minority of the grants available from the SEAI are accessible for vulnerable individuals on comparatively low incomes. Only one of the grants (the Warmer Homes Scheme) supplies a fully funded energy upgrade to the home. All the other services require additional funds to be supplied by the household undertaking the upgrade (S.E.A.I., 2017). As a result, many of the people in Ireland who are in energy poverty are likely to find it difficult to avail of the SEAI grant system.

Apart from the energy efficiency grants, energy poverty measures are normally focused on helping low-income and vulnerable households avoid disconnection or receive financial support towards their household energy costs. However, because of unprecedented rising energy costs, in 2022 the Government introduced a universal income support measure for all domestic electricity customers in Ireland. The scheme is only intended to be a temporary measure, but it is about to be implemented for the third time. All domestic electricity customers will get €450 off their electricity bills during the 2023-2024 winter period.

Rising energy costs now appear to be impacting households beyond those normally identified as vulnerable to energy poverty.

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The Commission for the Regulation of Utilities (CRU) recently published figures on the number of households who were in arrears on their electricity and gas bills in 2023. The figures revealed that almost 160,000 households were in arrears on their gas bills and around 275,000 households were in arrears on their electricity bills (Weston & Molony, 2023).

In order to ensure that households who are struggling with their household energy bills can still access energy services in their home, the CRU introduced the Energy Engage Code in 2014. This is a voluntary code of practice for energy suppliers, designed to protect customers from disconnection. Suppliers who have signed up to this code of practice must commit to never disconnecting an engaging customer, i.e. a customer who is actively engaging with their supplier to find a solution to their unpaid bills. There are currently 12 suppliers of domestic energy in Ireland, 7 of these suppliers are signed up to the code: Bord Gáis Energy, Electric Ireland, Energia, Flogas, Panda Power, Pinergy, and SSE Airtricity.

The Energy Engage Code is a significant customer protection measure for ensuring a supply of domestic energy use, but what protective measures are in place to ensure access to adequate transport for all?

The Free Travel Scheme is available for everyone 66 years of age and older, as well as people with a disability and their carer. It allows free public transport and some free private bus and ferry services. However, this scheme is only useful for individuals who have access to the appropriate transport services. In a similar way, some commuters who use public transport and students across the country can avail of reduced public transport fares, but this is only useful to individuals with good access to public transport services. The 2019 National Travel Survey found that approximately half of their respondents aged 18 years and over never use bus or never use rail services. Some of the main reasons given were that there was no service nearby or that there was no service to where they wanted to go (C.S.O., 2020).

Previously there was a Mobility Allowance Scheme available for individuals who were unable to walk or use public transport. It was a means-tested monthly payment payable by the Health Service Executive (HSE) to allow for, for example, the financing of the occasional taxi journey. However, this scheme was closed to new applicants in 2013. An alternative scheme was due to replace it, but this is yet to be devised or implemented.

Previously, the UK and Ireland were leaders in the field of energy poverty, both in attempting to define and measure it, but also in proposing policies to tackle it. Many of the current approaches for addressing energy poverty were first introduced in Ireland and the UK. In Ireland, the earliest social welfare support designed to help with the costs of household energy consumption was first introduced in 1942 as the Fuel Scheme, and has remained in place

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through various forms ever since. However, to protect all individuals vulnerable to rising energy costs, more work needs to be carried out to address transport energy costs, especially for households unable to access suitable public transport services.

How can we solve this problem?

The NexSys work package investigating energy poverty in Ireland aims to reduce energy poverty, by highlighting social groups who experience or are at risk of energy poverty (including transport poverty), estimate the likely effects of decarbonisation strategies on these groups, identify possible remedial measures, and contribute to energy poverty strategies. This research is ongoing. However, progress is also taking place at a European level to address energy and transport poverty.

The Social Climate Fund is a new EU fund dedicated to protecting and supporting vulnerable households through the energy transition. Vulnerable households and transport users that are particularly affected by energy and transport poverty are to be targeted by the fund. Financial support will be provided to Member States for the measures and investments included in their Social Climate Plans. Member States need to develop a Social Climate Plan that will promote the long-term goal of reducing fossil fuels reliance, while at the same time, incorporating measures to help reduce adverse effects on income in the shorter term.

The Irish Government is due to undertake a public consultation on the development of our Social Climate Plan. This Plan needs to be submitted to the EU by 30 June 2025.

This development offers Ireland the opportunity to devise a robust Social Climate Plan that can ensure a just energy transition for all. The acknowledgement from the EU that transport users need to be helped through the energy transition might also provide the opportunity to update our previous Energy Poverty Strategy to include transport energy in our energy poverty policies.

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