

# **MABS Submission to the 2022 Energy Poverty Strategy Review**

**MABS PUBLIC DOCUMENT**

Final: 5 September 2022

## Document Information

<b>Short description</b>	This document was prepared in response to a public consultation issued by the Department of the Environment, Climate and Communications on its review of the 2016 - 2019 Strategy to Combat Energy Poverty.
<b>Developed by</b>	This document was prepared by MABS Support CLG in consultation with the representatives of the MABS National Helpline and the MABS Regional Companies.
<b>Responsible officer (s)</b>	MABS Support CLG
<b>Date submitted</b>	5 September 2022
<b>Contact</b>	Amie Lajoie, Social Policy & Research Executive MABS Support CLG 0818 072020 <a href="mailto:amie.lajoie@mabs.ie">amie.lajoie@mabs.ie</a>

## Table of Contents

Document Information .....	2
Introduction .....	4
Question 1 – Home energy upgrades .....	6
Question 2 – Energy poverty in the rental sector .....	8
Question 3 – Energy prices and consumer protection .....	9
Question 4 – Governance, research and evidence .....	11
Question 5 – Additional information .....	12

## Introduction

MABS (the Money Advice and Budgeting Service) welcomes this opportunity to contribute to the Department of the Environment, Climate and Communications review of the Strategy to Combat Energy Poverty (2016 – 2019). We endorse the development of a new, revised Energy Poverty Action Plan that seeks to address the numerous challenges at present that affect the financial burden incurred by personal households to cover the cost of energy, specifically those related to home heating and electricity. Research<sup>1</sup> indicates that, in Ireland, energy poverty arises as a direct result of material deprivation and low energy efficient homes. Low-income households are at high-risk of experiencing energy poverty and more likely to live in energy inefficient dwellings. Particular marginalised groups such as members of the Traveller community, older persons, single parents, young people and disabled persons are also at an increased risk of facing energy poverty. These findings are in line with what we experience with clients who approach the MABS service<sup>2</sup> for support.

MABS recognises the number of important policies and frameworks at work to address energy poverty in the Irish context, including the Strategy itself as well as the 2020 Programme for Government, the National Energy and Climate Action Plan (NECP) 2021-2030,<sup>3</sup> and the National Energy Security Framework.<sup>4</sup> These policies support the rollout and on-going implementation of upgrades and retrofitting schemes to improve the energy efficiency of domestic dwellings, and include particular measures for vulnerable and at-risk households. Valuable achievements have been made in recent years, including the following:<sup>5</sup>

- Fivefold increase in retrofit budgets for low-income households and those who live in Local Authority accommodation.
- Increased average retrofit value per home (from approximately €2,500 to €17,000).
- Expanded eligibility for free energy upgrades to those in receipt of certain social welfare payments, including: One Family Payment, Carer’s Allowance, Domiciliary Care Allowance and those on Disability Allowance for over 6 months and with a child under 7. Free energy

---

<sup>1</sup> (ESRI) *Fuel Poverty in Ireland a Distinct Type of Deprivation?* <https://www.esri.ie/pubs/JACB201504.pdf>

<sup>2</sup> Established in 1992, MABS helps persons to cope with personal debt and take control of their own financial wellbeing. It operates from over 60 offices nationwide and is funded and supported by the Citizens Information Board. There are currently 10 Companies in the MABS network – 8 Regional Companies (North Dublin MABS, Dublin South MABS, North Connacht & Ulster MABS, North Leinster MABS, North Munster MABS, South Connacht MABS, South Leinster MABS and South Munster MABS), National Traveller MABS and MABS Support CLG.

<sup>3</sup> [gov.ie](http://www.gov.ie) - Ireland’s National Energy and Climate Plan 2021-2030 ([www.gov.ie](http://www.gov.ie))

<sup>4</sup> [gov.ie](http://www.gov.ie) - National Energy Security Framework ([www.gov.ie](http://www.gov.ie))

<sup>5</sup> [gov.ie](http://www.gov.ie) - Energy Poverty Strategy Review ([www.gov.ie](http://www.gov.ie))

upgrades are also available to those in receipt of Fuel Allowance, those on Job Seekers for over 7 months and with a child who is under 7.

- Increases in level, distribution and frequency of Fuel Allowance payments.
- Continued and improved consumer protections, including disconnection policies.

While these achievements are significant, it is important that the new Strategy go even further to address situations of energy poverty in Ireland. The ESRI<sup>6</sup> indicated in June 2022 that up to 29.4% of households are at risk of energy poverty, due to the increase in the cost of living and energy prices. These findings are consistent with what we are seeing at MABS, as household utility debt is bringing many people to our doors. These clients are coming to us simply to find a way to pay their bills and cover everyday expenses, never mind be in a position to service debts. For us at MABS, we witness how situations of energy poverty have compounding impacts on overall household well-being – with wide ranging implications for families and children. Households struggling to pay heating and electricity bills are also struggling to cover essential living costs, including food. MABS Money Advisers in local offices are alarmed at the high volume of clients experiencing energy and food poverty seeking support from our services throughout summer 2022, and are notably concerned with how the situation may unfold this upcoming winter. Citizens Information Services<sup>7</sup> are also seeing increased queries relating to fuel and energy support subsidies, as well as enquires relating to additional needs payments under the Supplementary Welfare Allowance Scheme.

In recent months, MABS has liaised with key stakeholders in the Department of the Environment, the SEAI (Sustainable Energy Authority of Ireland) and the Commission on the Regulation of Utilities (CRU) on matters related to energy poverty experienced by MABS clients. In June 2022, as part of our work with the CRU Consumer Stakeholder Group, MABS was invited to make a submission to the CRU supplier handbook proposals, based on feedback and case escalation from MABS Money Advisers. We highly endorse the new suite of consumer protections announced by the CRU on the 28 August 2022,<sup>8</sup> many of which echo what we called for in our submission.

MABS welcomes the opportunity to share the following 20 recommendations in this strategic review, and we base our responses on our experience as a frontline service supporting households

---

<sup>6</sup> [Energy Poverty and Deprivation in Ireland \(esri.ie\)](https://www.esri.ie) Definition of energy poverty: a household is considered energy-poor if they spend more than 10% of their disposable income on energy services (electricity, heating oil, gas or solid fuels).

<sup>7</sup> See Q2 Statistics from Citizen's Information Board: [Quarter 2 2022 Statistical Summary Report with datasets for the three main categories with the highest query numbers. \(citizensinformationboard.ie\)](https://www.citizensinformationboard.ie)

<sup>8</sup> [CRU Announces Suite of New Enhanced Customer Protection Measures for Coming Winter - Commission for Regulation of Utilities](https://www.cru.ie)

who face the day-to-day reality of living with energy poverty. We support continued engagement on these issues with the Department of Environment, Climate and Communications and other relevant national stakeholders in the future.

## Question 1 – Home energy upgrades

***What further action could be taken to alleviate energy poverty through home energy upgrades?***

***Please provide any relevant analysis or research to support your suggestions.***

Home energy upgrades serve as a vital tool for combatting energy poverty – as homes that are more energy efficient consume less carbon emitting fuels and have lower energy bills. To reduce national carbon dioxide emissions in line with international commitments under the Paris Agreement and the 2030 Agenda for Sustainable Development, the Irish Government has committed to raising the Carbon Tax, a specific taxation on carbon emitting fuels such as oil, gas, coal and peat, on an annual basis until 2030. However, if not coupled with additional supports for home energy upgrades for those living in energy inefficient housing, such price increases could disproportionately affect low-income households and could further exacerbate energy poverty.<sup>9</sup>

The implementation of national retrofitting measures in the residential sector in order to offset the effect of increasing energy costs include the following:

- the provision of free energy upgrades to qualifying households (particularly those on certain social welfare payments);
- SEAI-issued grants that cover about a third of the cost of the upgrade (available after the work is complete);
- the provision of low-cost loans and green loans (at about 6-8% APR) to support the overall cost of upgrading the home.

It is our view at MABS that issues related to accessibility, affordability and complex funding structures act as barriers for households to take advantage of these measures. In December 2021, MABS released a policy briefing<sup>10</sup> based on research conducted by the University College Cork (UCC) and North Dublin MABS that explored the obstacles and enablers to greater energy efficiency in the home. The research found that there are many obstacles to accessing retrofitting schemes and grants. For those who qualify for free upgrades, many may not be aware that they do so – and often

---

<sup>9</sup> [TASC Publications | TASC - Think-tank for Action on Social Change](#)

<sup>10</sup> For more on this research, see the following: [ENERGISEpolicybriefingpdf.pdf \(ucc.ie\)](#)

do not engage with the process due to the lack of information and a lack of overall understanding of the benefits of a home energy upgrade. For those who do not qualify for free energy upgrades, many do not have the disposable income necessary to provide the up-front funding to access the schemes. And for those who qualify for 'green loans', this option is not suitable for those who are already over-indebted or who are, for whatever reason, not willing to take on additional debt burdens.

In addition, we propose that the home energy upgrades would better meet the needs of vulnerable persons facing energy poverty through direct engagement between the SEAI and utility suppliers. Prioritisation for these upgrades should be given to those households using excessive energy and at risk of disconnection. As such, we propose the following six recommendations to improve the energy upgrade schemes as a mechanism to combat energy poverty:

- **Recommendation 1:** Delivery of fully funded energy upgrades to homeowners, paid directly to approved contractors. No requirement for upfront payment by households or long clawback periods.
- **Recommendation 2:** Across the business and residential sectors, state-backed 0% interest loans should be made available for retrofitting all property types.
- **Recommendation 3:** Retrofitting efforts and schemes should be made available across all of society, and specifically target those groups most at risk of experiencing energy poverty. This includes members of the Traveller community, older persons, single parents, young people and disabled persons.
- **Recommendation 4:** Resources should be allocated for a dedicated SEAI helpline to support applicants through the grant process. We are aware that SEAI are currently debating offering this for their new SV solar panel project – and we would support this service becoming available and resourced across all SEAI grant programmes.
- **Recommendation 5:** Suppliers should be mandated to identify properties connected to their supply that appear to have excessive and high levels of usage. The accounts connected to these properties should be considered for retrofit projects that the suppliers are rolling out in conjunction with SEAI (the SSE pilot<sup>11</sup> project is one example).

---

<sup>11</sup> [SSE and National Grid - SSE and National Grid pilot project to use electricity transformers to heat homes \(electricityonline.com\)](https://www.electricityonline.com)

- **Recommendation 6:** Suppliers should be mandated to identify properties connected to their supply that regularly self-disconnect. These customers should be prioritised in terms of any retrofit projects that the suppliers are rolling out in conjunction with SEAI.

Our understanding from working with the SEAI is that there is a significant shortage of approved contractors to carry out the upgrade works. We would also therefore support the implementation of further upskilling courses and training opportunities by the Department of Trade and Employment in the area of sustainable energy to increase the labour force available to carry out the scale of the work required.

## Question 2 – Energy poverty in the rental sector

***What further action could be taken to alleviate energy poverty in the rental sector? Please provide any relevant analysis or research to support your suggestions.***

According to the Strategy to Combat Energy Poverty document,<sup>12</sup> households living in rented accommodation are twice as likely to live in a home that is energy inefficient, with an E, F or G rating on the Building Energy Rating (BER) scale. Research published in 2018 from the CCPC<sup>13</sup> on financial wellbeing found that renters living in Ireland have overall lower financial capability than homeowners. With the cost of renting in the private sector reaching an ‘all-time high’<sup>14</sup> in August 2022, a decrease in the overall disposable income available to those living in the private rental sector adversely affects the ability to service rising utility and energy costs.

In MABS, we have many clients who are renters in both social housing and the private sector. We also are increasingly working with tenants in receipt of rental supports such as HAP (Housing Assistance Payment). A major challenge for HAP tenants is that they are oftentimes servicing rental top-up amounts to private property owners, in addition to the rent paid to the local authority. For MABS clients on low-incomes and/or reliant on social welfare, managing the rising cost of living in addition to covering HAP top up amounts has become nearly impossible, pushing people further into debt and at-risk of homelessness. For these clients, the option of a Pay As You Go (PAYG) meter can be a helpful tool to help spread out the cost of home energy consumption and prevent bill shock.

---

<sup>12</sup> [gov.ie - Strategy to Combat Energy Poverty \(www.gov.ie\)](http://www.gov.ie)

<sup>13</sup> [Financial-capability-2018.pdf \(ccpc.ie\)](https://www.cccpc.ie/Financial-capability-2018.pdf)

<sup>14</sup> [Rental crisis Ireland: Rental prices hit a new all-time high as supply plummets to its lowest ever level - Independent.ie](https://www.independent.ie)

Overall, it is our view that addressing the scale of the energy poverty that renters living in Ireland face involves directly empowering property owners to engage with home energy upgrade schemes, whether the property owner is the Local Authority or a private landlord. Measures should also be taken to ensure that persons who are unbanked or underbanked and use cash payments for home energy bills<sup>15</sup> are not charged additional fees, and all renters should have access to flexible payment options through PAYG meters. As such, we make the following five recommendations:

- **Recommendation 7:** Local Authorities should be provided with the necessary resources to continually and proactively review their housing stock and retrofit all local authority properties.
- **Recommendation 8:** Any properties acquired by Local Authorities for the provision of social housing should be made energy efficient and have the capability to feed energy back into the grid.
- **Recommendation 9:** Landlords with tenants in receipt of HAP should be obligated to offer a PAYG (Pay As You Go) Hardship meter at the outset of any new tenancy or on the request of a tenant during the duration of an existing tenancy.
- **Recommendation 10:** Provisions should be in place to protect those who use cash payments for home energy costs (including pre-pay meters), and they should not face additional fees or charges from suppliers for paying their bills in cash.
- **Recommendation 11:** Fully funded energy upgrade grants should be made available for all private property owners without means testing, with the caveat that the property must be kept on rental market for at least 10 years after availing of the retrofit scheme. A reluctance to take on upfront costs act as a barrier for many property owners. Such measures would also further address supply issues in the current housing market.

### Question 3 – Energy prices and consumer protection

*In the areas of energy prices, meeting the cost of energy and consumer protection, what further action could be taken to alleviate energy poverty? Please provide any relevant analysis or research to support your suggestions.*

---

<sup>15</sup> For more on ‘poverty premiums’ for those who pay their utility bills in cash, see the MABS 2017 report: [Left Behind in the Cold Dublin 10 and 20 MABS Report.pdf \(citizensinformationboard.ie\)](#)

There are a number of measures that could be enacted in terms of meeting energy prices and to help further insulate households from rising costs while working to alleviate energy poverty on the aggregate. This would take the form of further regulation of prices in the energy sector. We understand that there is a need for some balance in this regard as there are worries that ‘too much’ regulation could result in suppliers exiting the Irish market.

However, it is imperative, especially in the current moment and with energy being unaffordable for so many, that there is strong and cohesive action to support households. We therefore make the following recommendations, recognising that these could be implemented as either long or short-term measures:

- **Recommendation 12:** We would support an overall reduction in standing charges – even as a temporary measure. These charges serve as a flat-rate fee regardless of energy use or composition of the household.
- **Recommendation 13:** All energy suppliers should extend their lowest tariff amount to all households in difficulty. Linked to Recommendations 3 and 4, suppliers should identify all households experiencing energy poverty and offer their lowest prices.<sup>16</sup> This will place more responsibility on providers, rather than the onus being with households to source the lowest pricing themselves.
- **Recommendation 14:** Similar to measures in the UK,<sup>17</sup> there should be a national price cap placed on the maximum price for a unit of gas and electricity that can be passed on to households.
- **Recommendation 15:** To meet the demand of the winter months and to support households in need (particularly in rural areas), we would recommend a review and reduction of VAT for home heating oil.
- **Recommendation 16:** The Winter Fuel Allowance is distributed to qualifying households weekly or in two lump sum payments. We would recommend that the option be given for this to be paid in one lump sum to allow families to place a bulk order for oil with their local supplier, which is cheaper per litre than filling plastic drums at the local forecourt every week.

---

<sup>16</sup> MABS would be willing to work with suppliers to help identify these households, as a MABS budgeting exercise can be used to reveal how much clients are spending on energy bills, and which clients are spending over 10% of their disposable income towards energy costs.

<sup>17</sup> [What is the energy price cap and how high will bills go? - BBC News](#)

- **Recommendation 17:** We would recommend a review of 'debt flagging' policies, allowing those who are in utilities arrears and outside of a contractual arrangement with a supplier to be able to switch suppliers without penalty in order to take advantage of lower rates.
- **Recommendation 18:** MABS would also support a national information campaign around energy consumption and greater awareness of eligibility for the SEAI grant schemes. The CRU have had huge success in this regard, for instance with the Registered Gas Installer Campaign. We do recognise however, that individual behaviours play a minor role in addressing the structural causes of energy poverty.

## Question 4 – Governance, research and evidence

*In the area of governance, research, measurement and evidence, what further action could be taken to alleviate energy poverty? Please provide any relevant analysis or research to support your suggestions.*

Overall, we would posit that the primary issue at the moment is the need for swift, targeted action and joined-up thinking across the energy sector, from suppliers to national stakeholders to government agencies, in line with the recommendations we have made in our responses to previous questions.

In terms of more long-term approaches, we would make the following recommendations to help understand the causes and effects of energy poverty and increase sustainability for energy costs and usage in the residential sector:

- **Recommendation 19:** We would support the establishment of a long-term cross-governmental group to drive a robust data gathering initiative and in turn use this information to inform policies to alleviate energy poverty and increase sustainability. This group should contain a number of permanent members drawn from advocacy organisations such as MABS. This platform should also allow civil society members, NGOs, academics and other experts to contribute and engage regularly with this group.
- **Recommendation 20:** Endorse the implementation of early intervention in the form of educational opportunities in schools on issues related to energy poverty and the importance of moving towards a greener, low-carbon economy.

## Question 5 – Additional information

***Please also provide any additional relevant information or views that you would like to submit.***

At MABS, we do not only support those people who face unmanageable levels of debt in the present, but we also support those persons who are, for whatever reason, on the path towards situations of over-indebtedness. When working on money management and household budgets with clients, MABS Advisors categorise utilities as a 'priority' household expenditure, due in large part to the negative consequences for non-payment. Facing the threat or actual penalty of disconnection oftentimes has a truly compounding impact on the overall wellbeing of clients and their families.

Dealing with utility debts is not new for MABS and we consistently work directly with utility providers to put sustainable, appropriate and affordable repayments plans in place when arrears arise, and to support alternative payment arrangements when necessary to avoid situations of arrears. However, what we are seeing now, even during the spring and summer months, is that the dramatic increase in baseline charges to home energy costs (electricity, gas and oil) has resulted in a surge in the number of clients presenting to MABS who cannot afford to cover their monthly usage let alone contribute to an arrears balance. This has resulted in difficulties for MABS Advisors trying to put in place a sustainable payment plan between suppliers and MABS clients.

We highly endorse any and all efforts by the Department of the Environment, Climate and Communications to draft and properly resource a new Energy Poverty Action Plan to support those who are experiencing energy poverty. We hope for continual engagement with the Department on this and related issues in the future.



 **mabs** *Helpline*  
Money Advice & Budgeting Service  
**0818 07 2000**

The MABS Helpline **0818 07 2000**  
Monday to Friday from 9 a.m. to 8 p.m.

  
Citizens **Information** Board  
*information · advice · advocacy*