

**MABS Submission to British-Irish
Parliamentary Assembly's inquiry
on consumer energy policies in
Ireland and the United Kingdom**

MABS PUBLIC DOCUMENT

Final: 3 February 2023

Document Information

Short description	This document was prepared in response to a consultation issued by the British-Irish Parliamentary Assembly (BIPA).
Developed by	This document was prepared by MABS Support CLG in consultation with the representatives of the MABS National Helpline and the MABS Regional Companies.
Responsible officer (s)	MABS Support CLG
Date submitted	3 February 2023
Contact	Amie Lajoie, Social Policy & Research Executive MABS Support CLG 0818 072020 amie.lajoie@mabs.ie

Table of Contents

Document Information	2
Introduction	4
About the Money Advice and Budgeting Service	4
The cost of living crisis – the Irish context	6
Question 1: Government actions to support consumers	7
Budget 2023 benefits package	7
Consumer protection measures	9
Retrofitting and home energy upgrades	10
Question 2: The success of government interventions	11
Challenges for renters	12
Difficulties facing households on PAYG (Pay As You Go) meters	12
Two-tier system for home retrofitting	13
Question 3: The role of the energy industry	14
Conclusion	16

Introduction

The Money Advice and Budgeting Service (MABS) welcomes this opportunity to contribute to the British-Irish Parliamentary Assembly (BIPA)'s inquiry on energy strategy and consumer energy policies in Ireland and the United Kingdom. As an organisation that works on a micro-level with individuals and families facing financial hardship and struggling to make ends meet, MABS staff witness the real-time effect of rising energy costs and the importance of government intervention to support households through the current crisis. In recent months, the government has introduced a number of financial supports for households to assist with the payment of energy bills – including universal energy credits and expanded criteria for receiving targeted social welfare payments, such as the Fuel Allowance.

While there have been a number of additional legislative public policy changes (including, for instance, the EU Windfall Gains tax¹) adopted by the Irish State, commenting on energy demand and power generation is beyond the MABS area of expertise. As such, in this submission, we specifically address three questions requested by the BIPA inquiry. These questions are the most specific to the MABS experience in supporting households throughout the cost of living and energy crisis, in particular over the past 12 months:

1. What action have the governments taken to support consumers and businesses with rising energy prices, including for vulnerable households and isolated communities?
2. How helpful can governments be, and how successful have they been, in addressing rising energy prices and issues of energy supply?
3. How helpful can energy companies be, and how successful have they been, in addressing rising energy prices and issues of energy supply?

In addition to witnessing the impact of government interventions to support households, major energy companies in Ireland, through collaborative work with ourselves at MABS, have issued financial aid directly to families facing arrears for energy bills. We discuss these components in more detail in our response to Question 3.

About the Money Advice and Budgeting Service

Established in 1992, MABS helps persons to cope with personal debt and take control of their own financial wellbeing. It is a free, confidential and independent service that operates from over 60 offices nationwide. MABS primarily works with people who face over-indebtedness, and our local services support clients who may have difficulties with a wide range of personal debts including personal loans, mortgages, credit card debt, catalogue debts, debts to legal moneylenders and hire purchases. MABS Advisors provide a holistic

¹ The Council Regulation (EU) 2022/1854 seeks to address windfall gains in the energy sector by collecting revenues from those companies that have unexpectedly benefited from high prices and redistribute the revenues to alleviate pressures on affected energy consumers. For more, see: [EUR-Lex - 32022R1854 - EN - EUR-Lex \(europa.eu\)](#)

service to clients, which includes reviewing their budgets, negotiating with their creditors and looking at opportunities to maximise their income. It has also always been our stock in trade, since the inception of MABS, to assist clients facing utility debts and energy arrears.

The MABS service is funded and supported by the Citizens Information Board.² 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. MABS Support CLG is dedicated to the provision of supports to the regional staff in the MABS network and providing specialist expertise on a range of areas including: learning and professional development, training, case management and technical support, social policy and research, community education and financial inclusion. MABS Support CLG and the MABS National Helpline administer ‘Hardship Funds’ with leading utility providers, which have been in operation since March 2021. We discuss these funds in more detail later in this submission.

As a frontline service, MABS staff have been alarmed by the sharp increase in the number of people coming to our doors unable to cover the cost of basic household utilities – in particular gas and electricity – since February 2022. These clients are coming to us simply to find a way to pay their bills and cover the costs of their daily energy usage, never mind be in a position to service debts. Citizens Information Services (CIS)³ have also seen increased queries relating to fuel and energy support subsidies, as well as enquires relating to additional needs payments under the Supplementary Welfare Allowance Scheme. For example, there were almost 33,000 queries to CISs in relation to Fuel allowance in 2022, up from 14,251 in 2021.⁴

The clients who approach the MABS service for assistance are facing situations of income inadequacy, or the inability for their income to cover basic standard of living costs. A January 2023 anonymised poll⁵ of our clients found that nearly 70% have borrowed in the last six months (from either their family, friends or a creditor) in order to cover the cost of household bills and/or essential living costs. In addition, over 40% have intentionally gone without food during this time, and over 75% have elected to go without heating in order to save on expenses.

² The Citizens Information Board is the statutory body responsible for the provision of information, advice and advocacy on social and public services in Ireland. It funds and supports the national network of Citizens Information Services, the Money Advice and Budgeting Service and the National Advocacy Service for People with Disabilities.

³ See Q4 Statistics from Citizen’s Information Board: [q4-2022.pdf \(citizensinformationboard.ie\)](https://www.citizensinformationboard.ie/en/data-hub/q4-2022.pdf).

⁴ For more information and full reporting of data from the Citizens Information Services in 2022: <https://www.citizensinformationboard.ie/en/data-hub/>

⁵ Internal reporting, *MABS Cost of Living Survey* (preliminary results as of 25 January 2023). Full report to follow later in 2023.

The cost of living crisis – the Irish context

Ireland has the highest overall living costs in the European Union (along with Denmark), as our prices are over 40% higher on average than the rest of the EU.⁶ For housing and energy, this figure rises to nearly 90% above EU averages.⁷ In June 2022, research⁸ published by the Economic and Social Research Institute (ESRI) indicated that up to 43% of households in Ireland could be at risk of energy poverty if energy prices and inflationary pressures continue to climb at current levels. The definition of ‘energy poverty’ deployed in the research considered a household ‘energy-poor’ if they spend more than 10% of their disposable income on energy services (electricity, heating oil, gas or solid fuels). Unsurprisingly, those who are on lower-incomes and facing higher levels of material deprivation are more likely to experience situations of energy poverty, as these households are more likely to live in energy inefficient dwellings. Particular marginalised groups such as members of the Irish Traveller community, older persons, single parents, young people and disabled persons are also at an increased risk.

An Amárach Survey⁹ with 1,200 participants commissioned by the Department of the Environment, Climate and Communications (DECC) on the 19 January 2023 found that 53% of respondents reported feeling cold in their own homes on a daily basis due to efforts to trying to save on utility bills. These respondents who reported feeling cold were predominately women, under 35 year olds, renters, lone parents, persons with disabilities, as well as those on Pay As You Go (PAYG) meters. These reports are in direct correlation to substantial price hikes for electricity, gas and oil that have squeezed Irish consumers over the past year. In November 2022, domestic consumers in Ireland were paying an average 80% more for the electricity and gas compared to one year prior, according to data¹⁰ from DECC. Annual estimated bills for electricity and gas in November 2022 were €2,167 and €1,887 respectively, as compared to €1,193 and €1,015 in November 2021. In 2022, the prices for coal and oil were also 50% - 60% higher than in 2021.

While Ireland has always experienced higher than average prices for energy due to our geographic location, low population density and small energy market, global events such as the war in Ukraine have further exacerbated price increases for Irish consumers. As such, the Irish government has responded with a number of actions to support consumers, in particular those who are low-income and most vulnerable to the impact of rising energy costs. These interventions have been vital to support and continue to support households weather the impact of the cost of living crisis.

⁶ [Data services - Eurostat \(europa.eu\)](https://data.europa.eu/eurostat)

⁷ [Ireland now most expensive in EU for everyday costs \(irishtimes.com\)](https://www.irishtimes.com/business/economy/ireland-now-most-expensive-in-eu-for-everyday-costs-1.4648444)

⁸ [Energy Poverty and Deprivation in Ireland \(esri.ie\)](https://www.esri.ie/publications/energy-poverty-and-deprivation-in-ireland)

⁹ Source: Amárach Survey for DECC January 2023: Powerpoint Presentation shared with MABS Regional Managers on the 23 January 2023

¹⁰ [gov.ie - Energy Poverty Action Plan \(www.gov.ie\)](https://www.gov.ie/en/energy-poverty-action-plan/)

Question 1: Government actions to support consumers

What action have the governments taken to support consumers and businesses with rising energy prices, including for vulnerable households and isolated communities?

Since 2020, the Irish State has developed and adopted a number of strategic national policy documents to address energy poverty, lower carbon emissions in the domestic sector, and, more recently, address the security of the energy supply in response to global crises and mounting inflationary pressures. The following key documents set out much of the normative and legislative framework for addressing these issues in the Irish context:

1. A dedication to addressing retrofitting needs and energy poverty in Ireland's 2020 Programme for Government entitled 'Our Shared Future'.¹¹
2. The most recent Energy Poverty Action Plan (published by the DECC in December 2022) that includes a review of the original Energy Poverty Action Plan published in 2016. This report includes an overview of State policies and interventions to support households and address energy poverty in both the long and short term.¹²
3. The National Energy and Climate Action Plan (NECP) 2021-2030¹³ that sets out a framework to guide Irish energy policy in the period up to 2030 and includes targets for lowering carbon emissions for the domestic sector.
4. The National Energy Security Framework¹⁴ adopted by the DECC in April 2022 in response to the war in Ukraine and the following EU sanctions on Russian energy sources and the impact on Ireland's energy supply.

As part of this legislative context, the Irish Government has supported targeted interventions to support households across three main areas: (1) an additional benefits packages to all households (most of which were approved in Budget 2023), (2) the extension of consumer protections with energy suppliers, and (3) the expansion of the public grants programme for retrofitting and home energy upgrades. We provide more detail for these three areas in the following sections.

Budget 2023 benefits package

Since April 2022, the Irish government has provided direct funding to Irish households to buffer the impact of the rise in the cost of living. Many of these were part of the government's once-off package of €4.1 billion as

¹¹ [gov.ie - Programme for Government: Our Shared Future \(www.gov.ie\)](https://www.gov.ie/en/publications-and-resources/documents/our-shared-future-programme-for-government-2020/)

¹² [gov.ie - Energy Poverty Action Plan \(www.gov.ie\)](https://www.gov.ie/en/publications-and-resources/documents/energy-poverty-action-plan-2022/)

¹³ [gov.ie - Ireland's National Energy and Climate Plan 2021-2030 \(www.gov.ie\)](https://www.gov.ie/en/publications-and-resources/documents/national-energy-and-climate-action-plan-2021-2030/)

¹⁴ [gov.ie - National Energy Security Framework \(www.gov.ie\)](https://www.gov.ie/en/publications-and-resources/documents/national-energy-security-framework-2022/)

part of the government's annual 2023 budget.¹⁵ These include the following:

- Energy Costs Emergency Benefits Schemes 1 and 2: This first scheme (in Q1 2022) saw payments €176.22 (ex. VAT; €200 inclusive of VAT) made automatically to all domestic electricity accounts, per each connection or MPRN (Meter Point Reference Number).
 - o The second scheme, €550.47 (exclusive of VAT; €600 inclusive of VAT) will be credited to each domestic electricity account in three payments of €183.49 (exclusive of VAT; €200 each inclusive of VAT) in each of the following billing periods: November/December 2022, January/February 2023 and March/April 2023. The estimated total cost of this scheme is €1.211 billion.
- Fuel allowance: The Fuel Allowance is a means-tested social welfare payment to help with the cost of heating, paid out on a weekly basis from September to April to people who are receiving certain long-term social welfare payments. In January 2023, the criteria for this payment was expanded,¹⁶ to include for instance those aged over 70 with an increase in the means threshold to €500 per week for a single person, and to €1,000 per week for a couple.
 - o It is estimated that a further 81,000 homes will become eligible for the Fuel Allowance in 2023 due to the expansion of criteria. Fuel allowance recipients also received a once-off payment of €400 in November 2022.
- Reduced VAT: As part of the Government's actions under the National Energy Security Framework, the Government introduced a reduction in VAT on electricity from 13.5% to 9% from 1 May 2022. This reduced VAT rate was extended until the end of February 2023. For the average household, this will save them €64 a year.¹⁷
- Reduction in PSO Levy: On the 1 October 2022, the Commission on the Regulation of Utilities (CRU) set the Public Service Obligation (PSO) levy, an annual base charge for all electricity customers, to zero. This resulted in an estimated savings of €59 per household.¹⁸ Electricity customers will also receive an €89 reimbursement on the PSO levy charge from 2021/2022 sometime this year.¹⁹

¹⁵ For more, see: https://www.citizensinformation.ie/en/money_and_tax/cost_of_living/help_with_cost_of_living.html

¹⁶ Full details of expanded criteria for the Fuel Allowance include the following: increase in Fuel Allowance means assessment threshold from €120 to €200 per week above the rate of State Pension Contributory; for those aged over 70, an increase in the means threshold for Fuel Allowance to €500 per week for a single person, and to €1,000 per week for a couple; disablement Benefit will be disregarded in the means test for Fuel Allowance; and the half-rate Carer's Allowance will be disregarded in the means test for Fuel Allowance. For more, see: [Fuel Allowance \(citizensinformation.ie\)](https://www.citizensinformation.ie/en/money_and_tax/cost_of_living/help_with_cost_of_living.html)

¹⁷ [gov.ie - Energy Poverty Action Plan \(www.gov.ie\)](https://www.gov.ie/en/news/2022-09/gov-ie-energy-poverty-action-plan/)

¹⁸ [gov.ie - 'Reduce Your Use': Government launches nationwide campaign to encourage energy efficiency and highlight supports available for households and businesses \(www.gov.ie\)](https://www.gov.ie/en/news/2022-09/gov-ie-reduce-your-use/)

¹⁹ [Electricity customers to get €89 rebate next year due to a reduction in PSO levy – The Irish Times](https://www.irishtimes.com/business/energy/electricity-customers-to-get-89-rebate-next-year-due-to-a-reduction-in-psy-levy-1.4644444)

In addition to the Emergency Benefits Schemes (which are universal and support nearly all households in Ireland), and the expansion of the Fuel Allowance (which is a targeted payment for at-risk and/or vulnerable households) there were a number of increases to core social welfare payments announced in Budget 2023. These include base increases to weekly payment amounts for long-term welfare payments (for example, a €12 weekly increase in Disability, Illness and Caring payments) as well as once-off supplementary welfare payments (for example, a €500 once-off cost of living payment for those in receipt of Disability Allowance, Invalidity Pension and Blind Pension).²⁰

Consumer protection measures

In addition to targeted financial supports, in August 2022 the Commission for the Regulation of Utilities (CRU) announced several extended protection measures to support consumers over the winter months, in addition to the measures outlined in the CRU Handbook for Electricity and Gas Providers.²¹ This announcement followed from the recommendations of a stakeholder group that included MABS and other representatives from charity groups and civil society members. These included several important consumer protection measures, including the following:²²

- A requirement on energy suppliers to ensure that all customers with a Financial Hardship Meter are automatically placed on the lowest/ most economical tariff.
- The moratorium on disconnections for bill pay customers was extended from 1 December 2022 until the end of February 2023. Extended moratoria on disconnections for ‘vulnerable customers’ (deemed medically vulnerable) began on the 1 October 2022 and will continue until the end of March 2023.
- Reduced debt burden on PAYG (Pay As You Go) top-ups.
- No charge to move from PAYG to bill pay meters for either electricity or gas, and all customers are able to move even if they are debt flagged.

MABS supports this extension of consumer protection measures, and argue that it is vital as well that the implementation of these measures is continuously monitored by the CRU to ensure compliance by suppliers. We would maintain that customers who become disconnected should be receive additional supports by suppliers in order to be reconnected, and any necessary payment plans should be assessed on a case-by-case basis and should always reflect the customer’s affordability.

²⁰ For full list of the suite of social welfare measures introduced in Budget 2023, see the budget outcomes page from the Citizen’s Information Board: [Budget 2023 Outcomes \(newsweaver.com\)](https://newsweaver.com/budget-2023-outcomes).

²¹ [CRU202285-CRU-Decision-on-Additional-Customer-Protection-Measures-for-Household-Electricity-Gas-Customers_.pdf](#)

²² [CRU Announces Suite of New Enhanced Customer Protection Measures for Coming Winter - Commission for Regulation of Utilities](#)

The Irish Government has also committed in 2023 to legislating for the expansion of the definition of ‘vulnerable customers’ to include those not just medically vulnerable, but at risk of financial vulnerability. This is a particular recommendation from ourselves at MABS, and we understand that expansion of such definition would allow more customers (in particular those on PAYG meters) to access Financial Hardship Meters as necessary and avail of the lowest available tariffs.

Retrofitting and home energy upgrades

In addition to universal energy credits and consumer protection measures, the Government has also ring-fenced funding for a grants programme for domestic energy upgrades and retrofits, administered by the SEAI (Sustainable Energy Authority of Ireland). This is an important long-term focus of Irish policy efforts, and is much needed 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. Research²³ indicates that, in Ireland, energy poverty arises as a direct result of material deprivation and low energy efficient homes. Therefore, 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.

It is important to note that, 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,²⁴ 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.

In Ireland, the available programmes for implementing 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 payments²⁵) – including the ‘Warmer Homes’ or ‘Fully Funded Energy Upgrades’ programme.²⁶
- SEAI-issued grants that cover up to 50% of the cost of particular home energy upgrades (available

²³ (ESRI) *Fuel Poverty in Ireland a Distinct Type of Deprivation?* <https://www.esri.ie/pubs/JACB201504.pdf>

²⁴ [Carbon tax \(citizensinformation.ie\)](https://citizensinformation.ie/en/energy/carbon-tax/)

²⁵ List of qualified social housing payments include: Fuel Allowance; Job Seekers Allowance for over six months with a child under seven; Working Family Payment; One-Parent Family Payment; Domiciliary Care Allowance; Carers Allowance; Disability Allowance for over six months with a child under seven

²⁶ [Fully Funded Energy Upgrades | Home Energy Grants | SEAI](#)

after the work is complete).²⁷

- SEAI-issued grants for electric vehicles.²⁸
- the provision of low-cost loans and green loans (at about 6-8% APR) to support the overall cost of upgrading the home.

The suite of offerings and programmes under the SEAI were expanded in February 2022, and were further resourced by the Irish Government in Budget 2023. The home retrofit programme includes updates for attic insulations, exterior wall insulations, heating controls, heat pumps, and solar panels for both electricity and water heating.

In the next section, we expand on these three areas of government interventions, increased benefits packages, consumer protection measures and retrofitting schemes, in our discussion of both the successes and the shortcomings of these policies.

Question 2: The success of government interventions

How helpful can governments be, and how successful have they been, in addressing rising energy prices and issues of energy supply?

At MABS, our advisors have witnessed the ways that government interventions, and in particular, the Energy Costs Emergency Benefits Schemes, have had a direct and positive impact on many of our clients. The schemes were rolled out relatively quickly and provide on-going and targeted incremental support, as the €200 (including VAT) is deposited directly into all domestic electricity accounts via MPRNs. However, they were not perfect, and there were some groups excluded from receiving these energy credits. For example, the choice to distribute the credits for electricity payments via MPRN numbers left those households who share an MPRN – which is the case for many Irish Travellers living in local authority housing, as well as persons who rent in apartment complexes with a one MPRN per multiple apartments – unable to receive the Government’s €200 emergency benefit payments. In addition, while the emergency credits provide a short-term solution, they do not address the underlining problems, and many living in Ireland will continue to face high electricity and gas bills beyond the term of the grants, in particular those groups living in energy inefficient homes.

In this Section, we identify three gaps in Irish public policy provision that remain to be addressed: (1) the challenges facing renters, in particular those in the private rental market, (2) the difficulties facing households with PAYG meters for energy supply, and (3) the system for home retrofitting, which remain

²⁷ [Energy Efficient Homes - Home Energy Upgrades And Grants | SEAI](#)

²⁸ [Electric Vehicle Grants | SEAI](#)

inaccessible for many Irish households.

Challenges for renters

Ireland is in the midst of a severe housing crisis that has exacerbated significantly over the past 12 months. Renters bear much of the brunt of this crisis,²⁹ worsened by an overall national shortage in affordable housing supply, as the cost of renting in the private sector reaching an 'all-time high'³⁰ in August 2022. Further research by the BPFI (Banking Payments Federation of Ireland) in December 2022 demonstrated that the average Irish rent soared by 85% compared to 18% EU average between 2010 and 2022.³¹

According to the 2016 Strategy to Combat Energy Poverty document,³² 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. As such, their energy bills are substantially higher than those living in more energy efficient dwellings. Research published in 2018 from the CCPC³³ on financial wellbeing found that renters living in Ireland have overall lower financial capability than homeowners. The cost of living crisis has resulted in a significant decrease in the overall disposable income available to those living in the private rental sector, which adversely affects their ability to service rising utility and energy costs. As mentioned previously, those MABS clients who are renting from properties with one MPRN connection per multiple apartments, including some with Local Community Development Associations (LCDAs), sub-let properties, or properties where the MPRN is shared with the landlord, have not been able to avail of the four separate €200 emergency energy credits.

We argue that, in the long-term, 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. Fully funded energy upgrade grants should be made available for all private property owners without means testing, as 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.

Difficulties facing households on PAYG (Pay As You Go) meters

MABS has an on-going concern for those, in particular those on PAYG (Pay As You Go) products for gas and/or electricity, who 'self-disconnect' or ration their energy usage significantly over the winter months.

²⁹ For more on the challenges and financial issues faced by renters, see the CIB/Threshold joint research report on Renting and Risk [Threshold CIB Report.indd \(citizensinformationboard.ie\)](#)

³⁰ [Rental crisis Ireland: Rental prices hit a new all-time high as supply plummets to its lowest ever level - Independent.ie](#)

³¹ [Average Irish rent soared by 85% compared to 18% EU average between 2010 and 2022 \(thejournal.ie\)](#)

³² [gov.ie - Strategy to Combat Energy Poverty \(www.gov.ie\)](#)

³³ [Financial-capability-2018.pdf \(ccpc.ie\)](#)

These customers experience the high cost of energy in real time, and do not receive the full benefits of the consumer protection measures when compared with bill pay customers. For example, they do not have the benefit of the moratorium on disconnections and they cannot defer debt repayments if facing situations of arrears. If they do not have a Financial Hardship Meter, they are often on higher energy tariffs than many bill-pay customers.

In addition, the gas PAYG meters do not have the benefit of smart technology and therefore suppliers have no ability to alter debt repayment ratios when customers fall behind on payments. We also find at MABS that many gas PAYG customers enter the winter period with an accrual of standing charge debt from the summer months (as they select to disconnect when the weather is warmer, and then face a high charge when trying to reconnect in the winter). This debt devalues their top-ups and diminishes the utility of the €200 emergency government payments. To combat these challenges and the gaps in public policy provisions for PAYG customers, MABS would recommend the suspension of standing charges for all PAYG customers for the duration of the months of the winter moratorium, and ensure that additional energy credits are provided to PAYG clients as needed. These additional credits would offer continuous weekly support to PAYG customers during the moratorium period.

Two-tier system for home retrofitting

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 home energy grants for retrofitting and upgrades. In December 2021, MABS released a policy briefing³⁴ 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 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.

This creates a two-tier system, where only those who can afford the upfront payments for energy upgrades can access the grants. ‘Deep’ upgrades can be upwards of €30,000 – €40,000 depending on the project and the extent of the work required.³⁵ This upfront amount is out of reach of many homeowners, in particular for those who are low or middle incomes (including many pensioners). The time to receive a grant after retrofitting work is complete can also take several months. Additionally, for those who qualify for ‘green

³⁴ For more on this research, see the following: [ENERGISEpolicybriefingpdf.pdf \(ucc.ie\)](#)

³⁵ [Energy costs going up. Is a retrofit worth the expense? \(rte.ie\)](#)

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.

We would support propose the delivery of fully funded energy upgrades, paid directly to approved contractors, as this would remove the barriers that form when requiring upfront payments by households and having long 'claw back' periods. Such schemes would better meet the needs of all households (including those on low to middle incomes) persons facing energy poverty if direct engagement was facilitated between the SEAI and utility suppliers. Prioritisation for these upgrades should also be given to those households using excessive energy and at risk of disconnection.

Question 3: The role of the energy industry

How helpful can energy companies be, and how successful have they been, in addressing rising energy prices and issues of energy supply?

In this final Section, we provide an overview of the role of the energy industry in Ireland in supporting households throughout the current energy crisis. 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 with our clients, and support alternative payment arrangements when necessary to avoid situations of arrears.

One of the biggest steps the industry has taken is through a grants programme that has been administered by ourselves at MABS, as well as the national charity St. Vincent de Paul. This fund has distributed aid directly to MABS clients facing situations of arrears and struggling to pay their bills. Entitled the 'Hardship Funds', nearly 2.75 million euros has been distributed to MABS clients by energy companies since the first scheme was introduced by Electric Ireland, Ireland's leading energy provider, in March 2021. The overall objectives of the Hardship Funds are as follows:

- To assist those who are struggling financially.
- To provide clients with a 'fresh start' in some cases.
- To assist clients to redirect their funds to other priority payments.
- To provide emergency credit to clients who are without power.

It is important to note that a client does not have to have arrears on their utility account to avail of the Hardship Scheme support.

In the Table below, we provide a breakdown of the schemes, and the amount contributed by each of the five

major companies involved: Electric Ireland, Bord Gáis Energy, Energia, PrePay Power and SSE Airtricity.³⁶ As illustrated in the Table below, Electric Ireland was the only company to begin distributing funds in 2021 – the rest of the companies started funds in 2022. These figures also only portray the scope of the funds offered by ourselves at MABS, and do not include the funding administered by charity St. Vincent de Paul.

Table 1: Hardship Schemes administered by MABS

<u><i>Energy Company</i></u>	<u><i>Amount Distributed and Dates</i></u>
<i>Electric Ireland (EI)</i> <i>Value of fund: €5 million</i> <i>*EI hold roughly 50% of the market share</i>	<ul style="list-style-type: none"> Project 1 (March 2021- June 2022): €1,345,884.80 awarded to MABS clients Project 2 (September 2022 to December 2022): €314,813 awarded to MABS Clients
<i>Bord Gáis Energy</i> <i>Value: fund is equivalent to 10% of their operating profit</i>	<ul style="list-style-type: none"> €786,333 awarded to MABS clients in 2022
<i>Energia</i> <i>Value of fund: circa €10,000</i>	<ul style="list-style-type: none"> €5,700 awarded to MABS clients in 2022
<i>Prepay Power</i> <i>Value of fund: €250,000</i>	<ul style="list-style-type: none"> €103,535 awarded to MABS clients in 2022
<i>SSE Airtricity</i> <i>Value of fund: €1 million</i>	<ul style="list-style-type: none"> €100k awarded to MABS clients in 2022

The operation of these funds is on-going in 2023, and MABS can see how these funds have had truly life-changing impacts on clients who are struggling to pay their utility bills. The Hardship Schemes also help bring people into the holistic service MABS provides, and access continual support in terms of budgeting, money management and maximising income. They outline a clear example of the ways the industry in Ireland has provided direct support to consumers. However, it is important to note that the support for these funds are not government-backed, not universally subscribed to by all providers, and rely solely on the goodwill of utility providers to support their customers, oftentimes through a re-distribution of profit. These funds also provide a short-term solution to a broader, systemic problem, and the duration of these funds, and their ability to support customers in need in the long-term, is yet to be fully known.

³⁶ This is not an exhaustive list of all providers in Ireland, as not all providers take part in the Hardship Schemes.

Conclusion

In this submission, we addressed three main questions as set-forth in BIPA's exploration into how rising energy costs are affecting consumers, and what types of supports Governments can and have provided to assist individuals and families during this time. In Ireland, the Government has been pro-active in its approach to supporting households, in particular those who are on lower-incomes and reliant on social welfare. These interventions have taken the form of incremental, direct energy credits into the domestic accounts of customers, increased funding for targeted welfare supports and supplementary payments, enhanced customer protection measures (in particular to avoid disconnections and hardships during the winter months), and continued funding and expansion of national retrofitting and home energy upgrade programmes. The energy industry as well has played a key role in alleviating some of the financial pressures on those who are struggling to pay their energy bills, through their support of the Hardship Schemes administered by MABS and St. Vincent de Paul.

At MABS, we have a unique perspective in terms of how these interventions, both by the Government and the energy industry, has benefited clients. MABS 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. 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.

As such, MABS endorses any and all continued public and private efforts to assist households weather the current cost of living crisis, and support investment in long-term solutions. Please do not hesitate to contact us directly if you have any questions or would like any more information about this Submission.



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

