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CAP

Energy Strategy Northern Ireland 2021

*CAP's official response to the Department for the
Economy's consultation*

June 2021

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Summary

1. Net-zero by 2050 is an important issue, but affordability is a major part of the journey and affects many customers already. This should not be overlooked, and certainly low-income consumers should be protected from having to pay more, particularly in the transition period, where possible.
2. The language used in some of the proposals needs further consideration to avoid misunderstanding by consumers, particularly around 'doing more with less'.
3. If implemented well, a centralised hub of information and support would be ideal. Consideration should be given to those without the ability to access this independently, and how they might be supported to do so.
4. The Department for the Economy should consider creating clear language around 'domestic vulnerable customers' and how they should be monitored and treated.
5. Energy consumers that are tenants, particularly in the private rented sector, will need extra support as often they cannot improve the property they reside in.
6. The potential benefit of new technology is a great opportunity, however this must remain simple and accessible for the end user. Support for those needing better digital access and literacy are both areas that need to be improved alongside any shift in this direction.

General Feedback

Christians Against Poverty (CAP) is grateful to be able to contribute to the Energy Strategy Northern Ireland Consultation 2021. CAP's debt advice service in Northern Ireland has been operating for 12 years, covering the vast majority of postcodes in the nation.

The proposals for the coming years are heavily influenced by the focus on a target of achieving net-zero carbon emissions by the year 2050. CAP agrees that climate change is a real and important issue, and this will have an impact on policy decisions going forward. CAP does, however, wish to highlight the need for attention to be given to the affordability of energy. Covid-19 and various iterations of lockdown across the UK have revealed the very real need for immediate support by many households, as well as prolonged financial impacts which will be borne out in the years ahead. It is vital that the poorest in society are neither left behind by these policy moves nor forced to pay even more to facilitate the advancement towards net-zero.

The five principles outlined in the consultation present a positive and wide-ranging view of the overall direction the energy sector will be taking. Of particular interest to CAP is the impact of this on customers in vulnerable circumstances. With this in mind, some of the language proposed could require additional thought; proposing that consumers can 'do more with less' may send the wrong message and suggest that poorer families will have to 'make do' with less if the message is communicated poorly. It is important that the message is not misinterpreted in this way, as many consumers have a limited ability to budget or significantly adjust their spending. Three-quarters of CAP clients in Northern Ireland are in receipt of some form of social security, with almost a third (32%) totally reliant upon it. For these consumers, paying more for their energy in the long term would be a major challenge.

CAP is pleased to note from the proposed indicators that there are two measurable outputs that directly focus on those with poor affordability (domestic costs relative to income and fuel poverty measures). It is important that the groups affected by this are not only identified but protected and supported as much as possible.

Placing you at the heart

The proposed 'one stop shop' for consumer support and information is clearly needed among Northern Irish consumers. CAP's experience during the last year suggests that many households are poorly informed or unable to find information they can feel confident in. Having a clear and publicly available location for this will be beneficial for those seeking support. Furthermore, this hub would be an ideal location to ensure consumers are equipped to know their rights during a problem; a lack of clarity in this regard has been a considerable issue.

It is vital, however, that this information is accessible to all. Those with difficulties such as limited literacy, language barriers and digital exclusion are all at risk of being unable to navigate systems where these barriers have not been considered; it is therefore key that any knowledge hub is designed with these groups in mind. Mobile network coverage has been cited as a particular problem, and therefore consideration needs to be given to those with poor digital access.

The proposed population groups identified in the consultation refers to ‘domestic vulnerable customers’ as a single group. This may be disingenuous and require too much interpretation. Greater clarity is needed regarding who is identified as a domestic vulnerable customer. Those on low incomes, for instance, may or may not be included within this grouping and so further guidance is needed to ensure that the spirit of this proposal is kept. The updated definition of vulnerability in the consumer protection protocol does provide a clear guidance point on this, and therefore CAP hope this is utilised.

Finally, a particular issue seen during the pandemic has been the poor facilitation of non supplier-specific financial aid available to consumers. This not only applies to electric and on-grid gas customers, but to those currently using oil or other energy methods. Very little financial support exists to protect these consumers, and with the proposed shift of focus towards net-zero in the future, this is a significant area at risk of being forgotten or left behind.

CAP would like to see these financial support measures, centralised and more easily accessible to those in crisis. Those with varied fuel payment methods are a particular concern. For example, general oil users are required to make larger lump sum payments for a delivery of fuel compared to those with a gas or electric prepayment meter in their home, who need to pay smaller amounts to stay on supply. An inability to spread payments or receive larger sums of support funding could place these customers at risk of severe detriment.

Grow green economy

CAP does not have a strong opinion on the wider economic proposals and implications, however it would like to reiterate the stance that those who don’t immediately benefit from renewable or carbon-neutral energy should not be forced to pay for it, especially if this becomes unaffordable. Being unable to afford to shift to more carbon-neutral methods of heating the home should not result in households being financially penalised.

Do more with less

An energy saving target for Northern Ireland may come with great benefits and provide a goal for suppliers and providers to target; it should be made clear however, that these output targets should not be a simple box-ticking exercise for suppliers. CAP would be in favour of a more outcomes-driven approach, ensuring that consumers feel the greatest overall impact.

Domestic tenants are generally a demographic of consumers who struggle the most. Many will have limited scope to make large changes to the property they live in, while suffering the most from poor energy efficiency. CAP would like to see this group given priority when it comes to financial support and minimum standards. Tenants’ rights in this area do need to be protected, and those that exist on a very low income often do not have the facility to improve their own circumstances.

As the broader UK initiatives moving to a net-zero future become more widespread, there is a growing opportunity for low-quality materials and services to become more common as grants and funding are made available for this purpose.

Vulnerable customer groups are generally more likely to be at risk of malicious trading practices, and so government guarantees around energy efficiency installations and retrofitting would provide a reasonable level of protection. Clear support and advice to these customers would be another key method of avoiding this kind of detriment.

Those that travel in private vehicles should be treated fairly, and for a significant number of people their travel is important and unavoidable. Care should be taken to ensure that the language used around this is clear. It should not discourage those that are vulnerable or leave those with poor mobility feeling penalised if they do need to continue to use their vehicles for travel.

Replace fossil fuels with indigenous renewables

The replacement of fossil fuels is not an area CAP has a strong policy position on. Once again, it is important to establish that the end consumer should be put in a better position by any changes made. Switching away from an existing method of energy usage should not be more expensive, especially for those with limited means of enhancing their financial situation. For example, in rural areas the implementation of heat pumps may not prove to be financially beneficial for many consumers due to significant installation costs.

Create a flexible and integrated energy system

Based on the experience of CAP clients, technology could be an excellent way of improving their circumstances, be it through smart technology or more advanced generation methods. It is key that any upgrade and implementation of technology is done with the end consumer in mind. New systems and consumption methods must be simple and accessible for all consumers, regardless of circumstances. It has been suggested in CAP's experience that a universal shift to heat pumps may not work out more favourable for some households.

As mentioned above, a high proportion of CAP clients have poor quality mobile or internet access from their homes. In order to facilitate the progression to a more technologically integrated system, the Department for the Economy should give considerable attention to the quality of online coverage and access across all parts of Northern Ireland. Further to this, those that are less technologically able should be provided with as much support as possible to ensure they are not left at a disadvantage after these changes are made.

About CAP

CAP is a nationally recognised charity that works across the UK in partnership with 580 local churches to restore hope for people in desperate need. Through a network of almost 300 CAP Debt Centres, CAP offers a free face-to-face debt counselling service, with advice and ongoing support provided from head office. CAP also runs the CAP Money Course, Job Clubs, and Life Skills groups to help people overcome unemployment and provide financial education, all with community and holistic support at their core. CAP's services are completely free and available to all regardless of age, gender, faith or background.

Further information

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