



## Belfast City Council

<b>Report to:</b>	Health and Environmental Services Committee
<b>Subject:</b>	<b>Consultation Document - <i>Assisting with Affordability Concerns for Vulnerable Energy Consumers</i></b>
<b>Date:</b>	12th April, 2010
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### Relevant Background Information

Fuel Poverty continues to be a significant problem for a growing number of households. It is associated with serious impacts on health and social wellbeing, with vulnerable groups such as the elderly, children and people living with disabilities and chronic illness, most affected. A household in fuel poverty is defined as one where, in order to maintain an acceptable level of temperature throughout the home, it would have to spend more than 10% of its income on all household fuel use.

The Fuel Poverty Task Force, which was convened by the Minister for Social Development, has requested the Utility Regulator to assist with the formulation of policy options in relation to the introduction of “social tariffs” in the energy sector in Northern Ireland. The Utility Regulator has therefore produced a consultation paper on the introduction of extra help with energy costs for vulnerable customers. The paper is entitled “*Assisting with Affordability Concerns for Vulnerable Energy Consumers*”.

The Regulator proposes a staged approach to the development of policy options as follows:

**Stage 1** - setting out, what they suggest are, some of the broad policy questions that must be addressed before Northern Ireland can turn to more detailed consideration and design of specific options for interventions to deal with energy affordability for vulnerable customers.

**Stage 2** - subsequent work by and with stakeholders, Government Departments and other interested bodies to fully develop and analyse best options for going forward.

**Stage 3** - seeking to implement the selected option.

The consultation paper however focuses on stage 1 and sets out, what the Regulator refers to as, ‘a set of key base questions’ in relation to energy affordability tariffs that need to be considered before moving to stage 2.

The Utility Regulator has limited influence on fuel poverty in that it only regulates the gas and electricity sectors. It does not regulate the heating oil sector and, as around 70% of the population of Northern Ireland use oil for domestic heating, its contribution in assisting with affordability for vulnerable people must be considered in this light.

Although the consultation paper lists 18 detailed questions for response the Council is not obliged to adhere to this method of reply. It is recommended that the Committee agrees to provide a general overview of its concerns and suggestions in respect of Fuel Poverty, including how the Regulator, as a member of the Fuel Poverty Task Force, can constructively influence affordability concerns for vulnerable energy consumers.

### **Key Issues**

- Fuel poverty is a growing problem.
- Vulnerable people, such as the elderly, are most affected.
- The Consultation paper seeks views, in particular, from Northern Ireland's political leaders.
- The Utility Regulator's consultation paper is focused on Stage 1 of what it considers to be a three stage process.
- A three stage process may be prolonged yet there is an urgency to deal with fuel poverty.
- The Regulator does not have a statutory remit to address fuel poverty.
- The Regulator has a statutory role for the regulation of the electricity and gas sectors but not for oil.
- The Regulator's remit may need to change if it is to be able to lead initiatives on affordability tariffs so that there is equity for all consumers.
- Social tariffs could result in higher prices for a significant number of households and businesses and therefore they may not be the most effective way of addressing affordability problems.
- There are concerns around the current arrangements for cold weather payments, such as the fact that they are not effectively targeted at those in fuel poverty.
- According to the Institute of Public Policy Research this year's cold weather contributed to the deaths of 36,000 people across the UK, 49% more than last year.
- Targeting energy inefficient properties perhaps on an areas basis, as an alternative or complementary approach, may allow for a more effective method of dealing with fuel poverty.
- Councils will have greater powers to promote energy efficiency and provide funding or other assistance to improve energy efficiency if the recommendations in the draft Regeneration and Housing Bill are enacted.

**Recommendation**

It is recommended that the Committee endorses the attached draft response to the Utility Regulator's consultation paper - **Assisting with Affordability Concerns for Vulnerable Energy Consumers**.

**Decision Tracking**

If the Committee endorses the proposed response the Head of Environmental Health will arrange for the response, and a covering letter, to be forwarded to the DSD on 13 April 2010, subject to ratification by the Council.

**Key to Abbreviations**

DSD – Department for Social Development.

**Document Attached**

Council response to the Utility Regulator's consultation paper *“Assisting with Affordability Concerns for Vulnerable Energy Consumers”*.