

# Still left out in the cold

## Summary Report



**Friends of  
the Earth**

An assessment of Irish Government policies  
and measures to address energy poverty, energy  
needs and climate action in the residential sector.

MARCH 2023

This is a Summary for Policy-Makers of an independent research report which was commissioned by Friends of the Earth.<sup>1</sup> The research report provides a detailed analysis of the effectiveness of Government responses to energy poverty and energy pollution in light of Government policy commitments. The research report contains an assessment of recent housing, energy and climate policy, including the Government's new Energy Poverty Action Plan and the latest Climate Action Plan both produced in December 2022. It also comprises an analysis of policies and responses related to energy efficiency and home heating. It identifies necessary policy changes that are a win-win both for social justice and climate action. This research is based on interviews and information from 32 experts across the civil society, academic and public sectors.

This Friends of the Earth Summary for Policy-Makers introduces the main challenges and includes an overview of important findings and recommendations to Government. Friends of the Earth would like to thank all those involved in researching and producing the research report.





## Introduction

Getting polluting fossil fuels out of home heating, as well as protecting households most at risk of energy poverty from rising energy prices, are a linked environmental, social and economic imperative. Energy poverty<sup>2</sup> in Ireland is at its highest level ever recorded, with over a third of households estimated to be spending more than 10% of their income on energy.<sup>3</sup> However the inability to meet basic energy needs is not a new issue for many in Ireland. Even before the current energy crisis, many households on low incomes and living in poor quality accommodation were struggling to keep their homes warm.

Irish citizens are among the most exposed in Europe to the environmental and social impacts of fossil fuel burning, a failing made worse by the ongoing energy crisis and Russia's abhorrent invasion of Ukraine. Irish homes use 7% more energy than the EU average, and emit 60% more carbon emissions.<sup>4</sup> Ireland does not have sufficient safeguards to protect against price volatility as a result of the heavy role of polluting fossil fuels in home heating and in Ireland's energy mix. While warmer months may offer a temporary reprieve for some, there exists the major risk that the situation will deteriorate later in 2023 given rising inflation and continued high energy costs.

At the same time Ireland's polluting emissions are continuing to rise. Two five-year limits on total climate pollution, known as carbon budgets, have been approved by Government and adopted by both Houses of the Oireachtas in order to achieve emissions reductions of 51% by 2030 and put Ireland on the path to net zero emissions by 2050 at the latest. Sectoral emissions limits have also been established including the requirement to reduce residential emissions to 29 million tonnes for the five years from 2021 to 2025 and 23 million tonnes from 2026 to 2030 compared to 35 million tonnes that were emitted from 2016 to 2020. The upshot is that Ireland's fossil fuel dependence cannot continue. Decarbonising Irish homes must be prioritised and accelerated. Government decisions on implementation now will define who benefits from this transition, and whether or not existing inequalities are exacerbated or alleviated. A change in approach at all levels of Government is urgently needed to ensure Ireland responds to the climate and energy price crisis in a manner that respects Sustainable Development Goal pledges to ensure "no one will be left behind" and to "reach the furthest behind first".

## Findings

The research report highlights the interlinkages between responses to poverty, energy, housing, social inclusion and consumer protection, and how each of these areas intersect in a way that further disadvantages many who may already be at a disadvantage. The report makes several notable findings. These include:

- Energy poverty and deprivation<sup>5</sup> in the context of climate action is a complex social problem which cannot be separated from other aspects of poverty, and requires a systematic and holistic approach. This means that housing conditions cannot be divorced from wider social challenges, including household income.
- The Government's broad based electricity credit risks being counterproductive insofar as it does not target resources to those in most need of support. One-off payments granted in Budget 2023 have helped many to deal with increases in energy prices but they do not respond to fundamental issues of income inadequacy and inability to carry out retrofitting measures or access associated schemes.
- The private rental sector is particularly vulnerable to energy poverty given that rental accommodation comprises larger numbers of older, low BER dwellings. The sector also often suffers from weak regulation and protections for tenants, as well as weak incentives for retrofitting. Tenants in private rented or social housing generally have no ability to influence the insulation level of their homes.
- The 'poverty premium' experienced by many at-risk households is poorly understood, including customers being penalised for paying bills in cash, the inability to switch supplier without direct debits, as well as related challenges such as the underreported issue of self-disconnection.
- The approach of several actors across the sector to only engage with consumers/households online must be reconsidered. Many of those at risk of energy deprivation have low levels of digital literacy and are disempowered from accessing SEAI supporting schemes and dealing with utilities.
- There are serious problems with retrofitting/energy efficiency programmes, including waiting lists of up to 3 years for the SEAI's free energy upgrade scheme, as well as a major labour and skills shortages.





- Although the state has been open to consultation with NGOs, there remains a lack of Government funding to build NGO capacity to collaborate and carry out policy work in this area.
- Government policy on energy poverty is lacking in scale and ambition, with a greater focus on crisis response that prioritises short-term fixes over long-term solutions. Many policies are overly market-focused and undermined by siloed Departments and public bodies.
- The Government's retrofit and heat pump targets are not being achieved. The latest Climate Action Plan does not sufficiently address the need for the SEAI and other public agencies to proactively scale up activities and reach out to communities in order to meet retrofit targets. The Plan also does not explicitly address the necessary phase out of fossil fuel boilers in existing residential buildings.
- The Government's new Energy Poverty Action Plan does not present clear quantitative targets for the reduction of energy poverty or deprivation. It includes a positive update to the definition of 'vulnerable customer' to include financial vulnerability. However, this is only a temporary measure meaning that those who are financially vulnerable will only be included in the disconnection moratoriums that occur between October 2022 and March 2023. The Energy Poverty Steering Group also lacks any independent expert or NGO representatives.
- Eligibility for the SEAI's free upgrade scheme remains based on household income and receipt of certain welfare payments, not a dwelling's BER. As a result, many poorly insulated houses are unlikely to be retrofitted by 2030 as their owners cannot afford even partial costs.
- Energy deprivation has negative health outcomes, including contributing to much higher levels of excess winter mortality in Ireland than in other northern European countries.
- The opportunities for, and benefits of, small scale generation have been underestimated by policy-makers. There are administrative, regulatory and financial burdens associated with ownership, planning permission and grid connection for communities who wish to develop wind/solar. This results in a chilling effect, with communities less able to engage in the energy transition, and less able to combat rising energy poverty. Improved funding, regulatory frameworks and incentives, and grid access would assist in setting up renewable energy communities and selling surplus electricity.

## Policy Recommendations

The report highlights that the drive towards reducing residential emissions and energy deprivation must be accompanied by much greater partnership, transparency and the generation of a collective sense that this is a national effort of consequence for the betterment of society, in line with the Government's response to the COVID pandemic. The potential to reduce energy demand and provide improved access to microgeneration should be part of this collective endeavour. Emission reduction targets must be achieved in a way that builds public acceptance and support, and therefore policies that also result in a reduction in energy deprivation must be prioritised.

The report makes 49 specific recommendations to Government based on fieldwork, research and analysis across the following areas. These include:

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### Assisting people to retrofit or to reduce energy consumption

- The Government should move away from a focus on market-based mechanisms for retrofitting and prioritise improving access to new schemes, including grants, zero interest or low cost loan or other models of financing retrofits, as well as street-by-street insulation programmes and district heating systems.
- The Government should consider providing free or subsidised BER assessments to lower income households, as a way of encouraging households to act on their level of energy consumption.
- Urgent action is needed to fast-track the private rental sector in home insulation efforts. This could be initiated through setting enhanced energy efficiency regulations on multi-property landlords first, and urgently retrofitting lowest BER properties. New tax incentives to landlords to retrofit their properties should be combined with a minimum BER standard for rental accommodation in 2023.

- Face-to-face support, such as the introduction of community energy advisors, should be provided as a low-tech way of reaching at-risk households and communities, as well as assisting households to transition to lower carbon energy use. Special taskforces are also needed for communities where there is an exceptionally high rate of energy poverty, such as the rate of 77% recorded by NT-MABS among Travellers in mobile homes pre-crisis.
- Further policy support is needed to improve accessibility to renewable heating. While heat pumps are suitable for the majority of households in Ireland and are key to reducing reliance on fossil fuels, greater consideration should also be given by policy-makers to other zero-carbon solutions, such as district heating and solar.

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### Income Supplements

- All core social welfare payments should be increased and benchmarked and indexed against the cost of living.
- The current Fuel Allowance payment should be redesigned. The payment should be means-tested and open to all on low-incomes, provide year-round support, and take into account household BER.

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### Defining and researching energy poverty and energy deprivation

- The Government should introduce an Energy Poverty Act that defines fuel poverty, sets down ministerial duties, introduces legally bound targets, and sets up an independent energy poverty advisory council. Targets for reducing energy deprivation and for reducing residential emissions should also be set and reported on quarterly.

- Narrow definitions of energy poverty that solely focus on household energy expenditure should be avoided in favour of an approach that recognises the intersection of energy poverty, energy deprivation, income inadequacy, housing inadequacy and health effects.

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### **Consumer energy pricing & responding to at-risk customers**

- The CRU must tackle major challenges in relation to self-disconnection and pay-as-you-go metering. Standing charges on energy bills must also be properly and transparently regulated by the CRU in order to prevent arbitrary increases by energy suppliers.
- Vulnerable customers should be moved to the most economical tariff and permitted to access bill-pay regardless of credit record. The CRU should also examine the proposal of requiring suppliers to offer a reduced social tariff to customers at risk of energy poverty, which may be lower than their existing lowest tariff (which they are currently required to offer to vulnerable customers).
- Legislation is needed to guarantee that carbon tax revenue will be ring-fenced to fund a just transition, in particular specific measures to support at-risk households. The carbon tax must be equitably applied across all polluting industries, including aviation fuel. The Government must also take immediate and clear measures to phase out harmful fossil fuel subsidies.

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### **Building standards and planning**

- A much more ambitious target should be set for the retrofitting of social housing, setting a minimum standard of B2 to be achieved in all social housing by 2030.
- Proposed changes to judicial review in planning must align with participatory and procedural rights and fully respond to concerns of environmental organisations, on the basis that these reviews are critically important for transparency, oversight and environmental compliance.

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### **Governance & Supporting NGO engagement with policy**

- The role of the CRU and other relevant public bodies must be reformed to ensure that they are optimally supporting the aims of emissions reductions and energy poverty reduction.
- Just transition, energy deprivation and reducing residential emissions should be topics addressed by national social dialogue involving the community and voluntary pillar and the environmental pillar alongside employers and trade unions.
- A Just Transition Commission should be established to give greater public awareness to the state's commitment to integrating social justice with climate action.

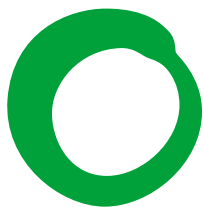


## Endnotes

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1. This report was commissioned by Friends of the Earth Ireland, as part of a programme coordinated by Clare O'Connor and Jerry MacEvilly, with funding from the European Climate Foundation. It stemmed from an in-depth workshop with civil society in June 2022 on how Ireland can deliver an inclusive response to the energy price crisis while supporting communities. This workshop was organised as part of the 'Our Energy Future' - a project supported by the Renewable Grid Initiative (RGI) and EirGrid to engage communities and groups around the country on Ireland's energy transition. Graphic design and production have been funded by the Mercator Foundation (Stiftung Mercator).
2. Where households can only meet their energy needs by expanding a large proportion (>10%) of their income, they are currently defined in Ireland as being in energy poverty, and thereby at risk of deprivation in other areas of basic needs.
3. <https://www.esri.ie/system/files/publications/RS144.pdf>
4. <https://www.rte.ie/documents/news/2018/04/energy-in-the-residential-sector-2018-final.pdf>
5. Those who are unable to meet their basic needs for energy consumption are said to be experiencing energy deprivation. For further information, see section on 'Measuring energy poverty, deprivation and excess winter mortality' in Chapter 3.

Sections 1 and 3 of the report were researched and written by Dr Nat O'Connor, with the assistance of Mary A. Murphy. The interviews and analysis reported in Section 2 were conducted by social researcher Brian Harvey. The recommendations in section 4 are collated from all three preceding sections.



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