



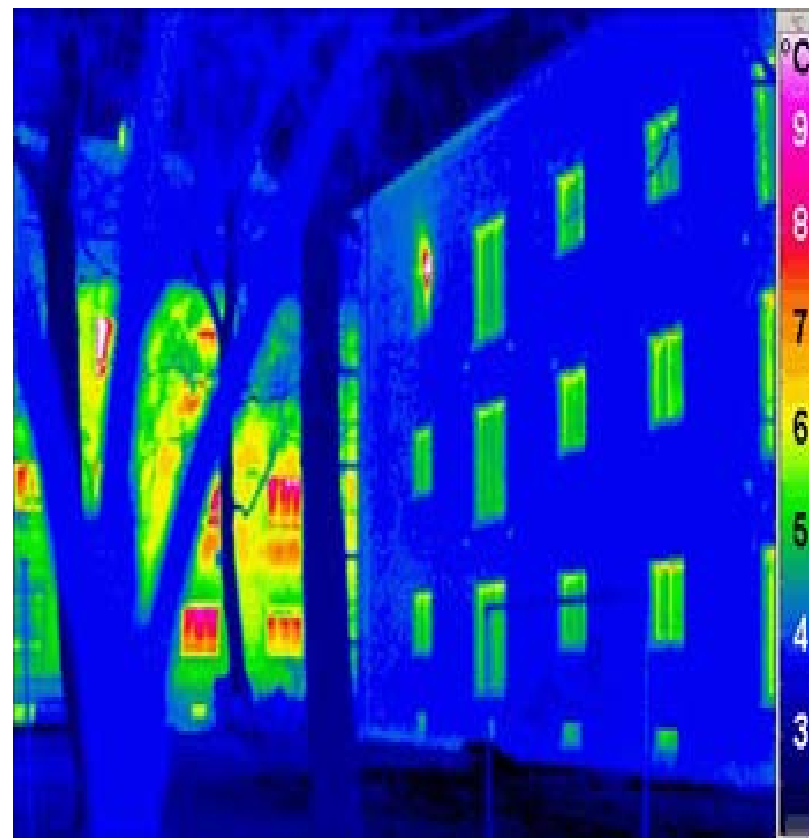
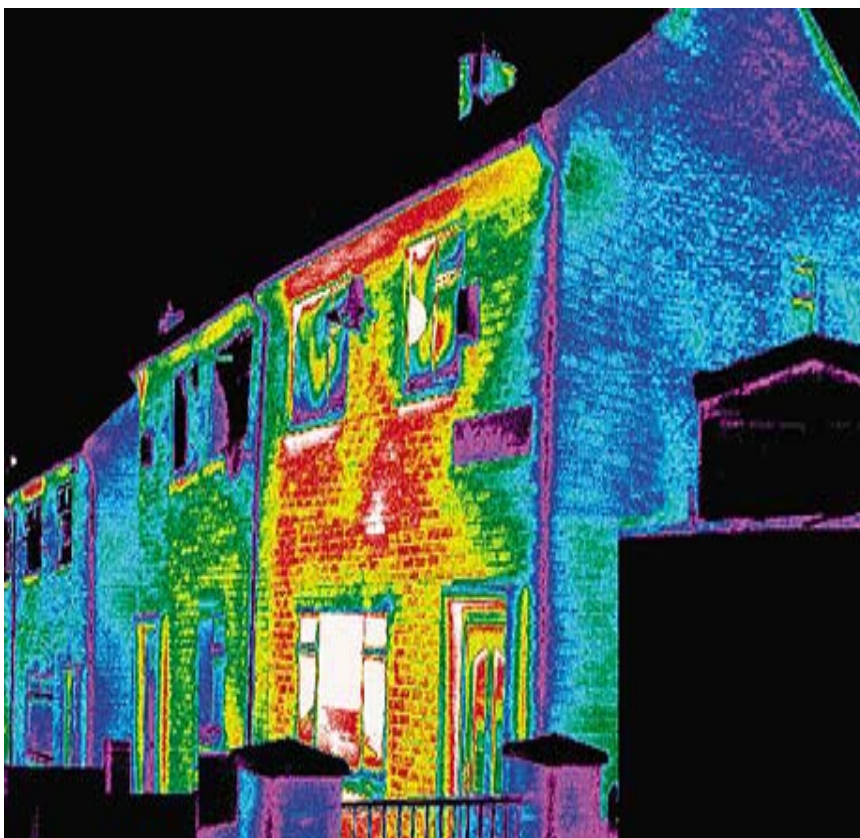
Policy Approaches in Ireland

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How do we turn this into this?





Irish Policy Context

- Energy Policy Framework (2007)
- National Energy Efficiency Action Plan (2009)
- National Action Plan for Social Inclusion (2007 – 2016)
- Forthcoming National Affordable Energy Strategy (2011)



Institutional Arrangements

- National Level (complex!)
 - Government ministries, national bodies, voluntary organisations, national steering group
- Regional Level
 - Regional authorities
- Local Level
 - Community based organisations, voluntary bodies



Extent of Energy Poverty: Expenditure Method

Energy Poverty in Ireland – Number of Households Experiencing Energy Poverty		
Definition/Measure	Energy Poor – All Households	
	No. of Households – 2009	% of All Households - 2009
Household Expenditure on Energy Greater than 10% of Household Disposable Income	316,712	20.5%
Households experiencing Severe Energy Poverty (expenditure greater than 15% of disposable income)	151,344	9.8%
Households experiencing Extreme Energy Poverty (expenditure greater than 20% of disposable income)	83,137	5.4%

- While the *expenditure share method* is an arbitrary and, in many cases, unsatisfactory measure, it does give an indication of the level of household resources taken up in obtaining home heating and transport. It also helps to give an indication of potential vulnerability, especially in the event of an energy price rise.



Extent of Energy Poverty: Subjective Method

Subjective Measures of Energy Poverty							
Year	Source Survey	A: Households reporting that they cannot afford to heat their homes adequately		B: Households that had to go without heating in the past year due to lack of money		Composite Indicator (A, B or both)	
		Share of Households (%)	Number of Households	Share of Households (%)	Number of Households	Share of Households (%)	Number of Households
2003	SILC	3.5	47,000	7.8	104,000	8.9	119,000
2004	SILC	3.7	51,000	5.7	79,000	6.9	95,000
2005	SILC	4.0	57,000	6.5	93,000	7.7	110,000
2006	SILC	4.6	68,000	6.6	97,000	8.1	119,000
2007	SILC	3.6	56,047	5.7	88,382	6.8	104,382
2008	SILC	4.2	67,139	6.7	105,483	8.0	127,984

Source: Indecon based on data provided by CSO



Existing Policy Focus

- Measures and supports in place to address each of the three main drivers:
 - Income Levels
 - Energy Prices
 - Thermal Efficiency

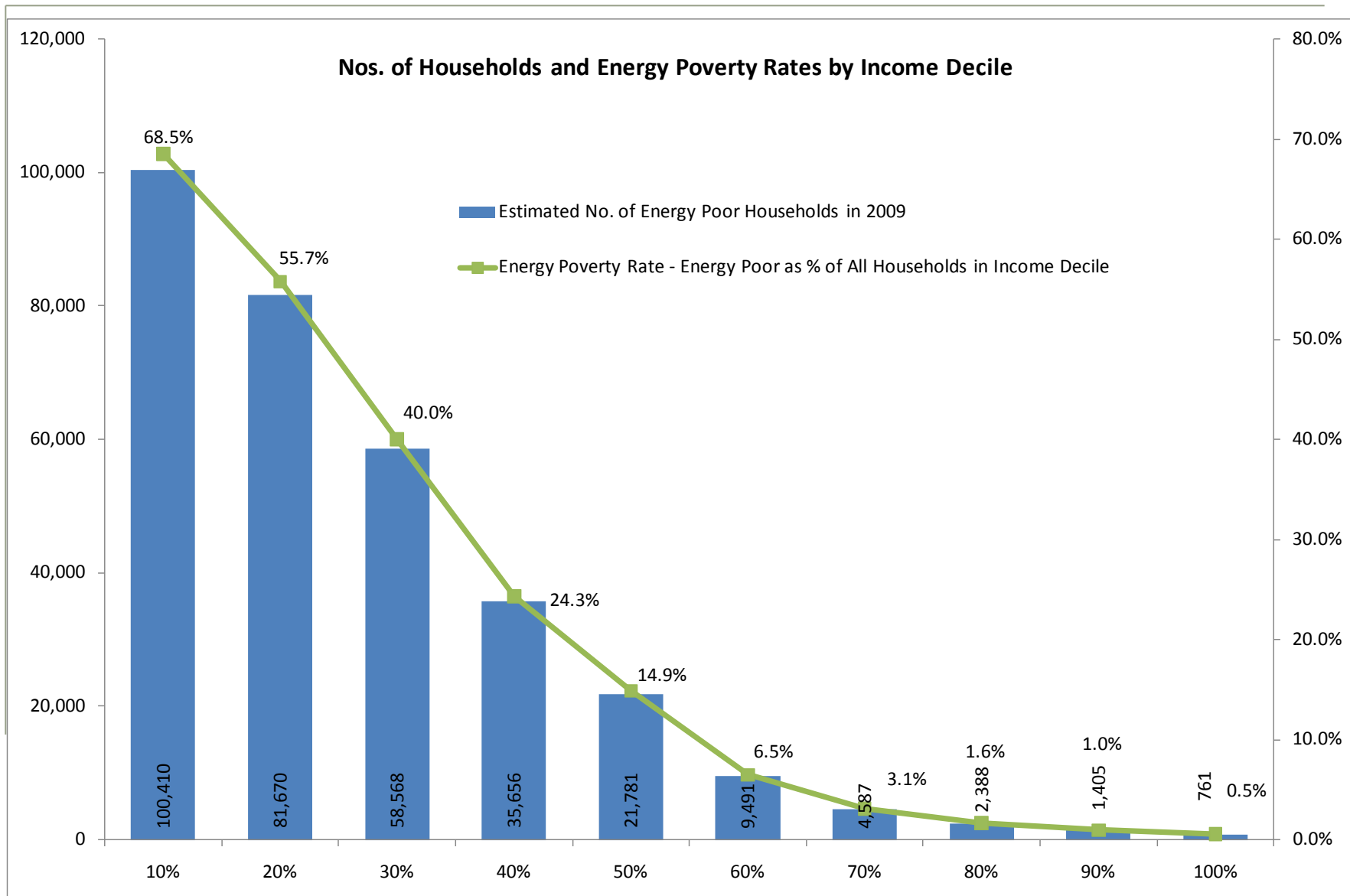


Income Supports

- Weekly Payments (unemployment assistance)
- Fuel allowance payments
- Household Benefits Package (Free electricity or gas units)
- Heating supplements under the SWA scheme (Assists people who have special heating needs e.g. disability, ill health or infirmity)



Energy Poverty Rates by Income Decile





Income Supports – Fuel Allowance

- Additional to weekly social welfare payments.
- Weekly fuel allowance is €20 for 32 weeks (€640 p.a.)
- €23.90 in smokeless zones for 32 weeks (€765 p.a.)

- 2004: 272,000 households; Cost: €85m
- 2007: 286,000 households; Cost: €167m
- 2009: 318,000 households; Cost: €217m

- Between 2004 and 2009 numbers increased by 17%
- Between 2004 and 2009 costs increased by 155%



Income Supports – Household Benefits

- Free Electricity units or Gas equivalent (inc bottled gas). 2,400 units p.a.
- Value of allowance changes as the unit price changes:
October 2010 – €525 p.a.
- 2004: 310,000 households: Cost:€94m
- 2007: 349,000 households: Cost:€162m
- 2009: 376,000 households: Cost:€183m
- 2010: 389,000 households: Cost:€191m (provisional)
- Between 2004 and 2010 numbers increased by 25%
- Between 2004 and 2010 costs increased by 103%



Irish Energy Prices

- Fully liberalised market
- All-island energy market
- High level of supplier switching amongst customers
- Customer charters for energy suppliers
- Disconnection policy (recently reviewed)
- Dedicated information portal (www.energycustomers.ie)



Recent Price Changes & Customer Rebates

Electricity Price* Changes

- November 2007 - 6.1%
- August 2008 +17.5%
- January 2009 -0.3%
- May 2009 -10.3%
- October 2009 -0.2%
- October 2010 + 4.9%
(due to PSO levy increase)

Gas Price* Changes

- October 2007 -11%
- September 2008 +20%
- May 2009 -10%
- October 2009 -9.8%
- October 2010 0.0%

All quoted are the changes on average for the typical gas or electricity user.



Movements in Energy Affordability

Movements in Energy Affordability		
Definition/Measure	2005 - %	2009 - %
Average share of household income spent on energy – all households*	3.8%	4.8%
Affordability Index – 2005 = 100**	100	79.2

* In 2009 this equated to an average weekly spend on energy of approximately €40 per week or €2,080 per annum. The comparison for 2005 was €26/week or €1,353 per annum

** A downward movement in the index value pertains to a reduction in affordability, while an upward movement refers to an improvement in affordability

On average, households had to pay more for their energy needs relative to their income in 2009 than was the case in 2005, meaning that their energy needs became less affordable during this period. This reflected the faster rate of increase in energy costs/prices compared to average household income growth over this period.



Factors Affecting Irish Energy Prices

Historical reasons

- A long period without any price increases granted to ESB, coupled with rapid growth in electricity demand, resulted in a legacy of under investment in energy infrastructure – both in generation and in networks.

Natural Resources and Fuel Mix

- Ireland has the highest dependency on fossil fuels in the EU (approx 90%). Only Italy and Netherlands have a comparable level of fossil fuel penetration and they both also have relatively high energy prices.

Geographical Isolation

- Given our lack of natural resources, fossil fuels required for generation must be imported. Our isolated geographical position at the periphery of Europe raises the cost of this transportation over and above what is paid by other European countries.

Market Scale

- Given the small size of our electricity market and lack of interconnection, Irish power generation plants tend to be smaller than those on the continent. This gives rise to diseconomies of scale relative to Europe, which also contributes to a higher than average cost of electricity.

Population Dispersion

- A wide but low rural population density means that our initial grid connection costs are higher as well as the cost of the maintenance and operation of the distribution system. For example, Irish Population density = 60 persons/sqKM British Population density = 244 persons/sqKM. Length of distribution line per customer: Ireland – 84 metres per customer Average of 75 other countries – 49 metres per customer



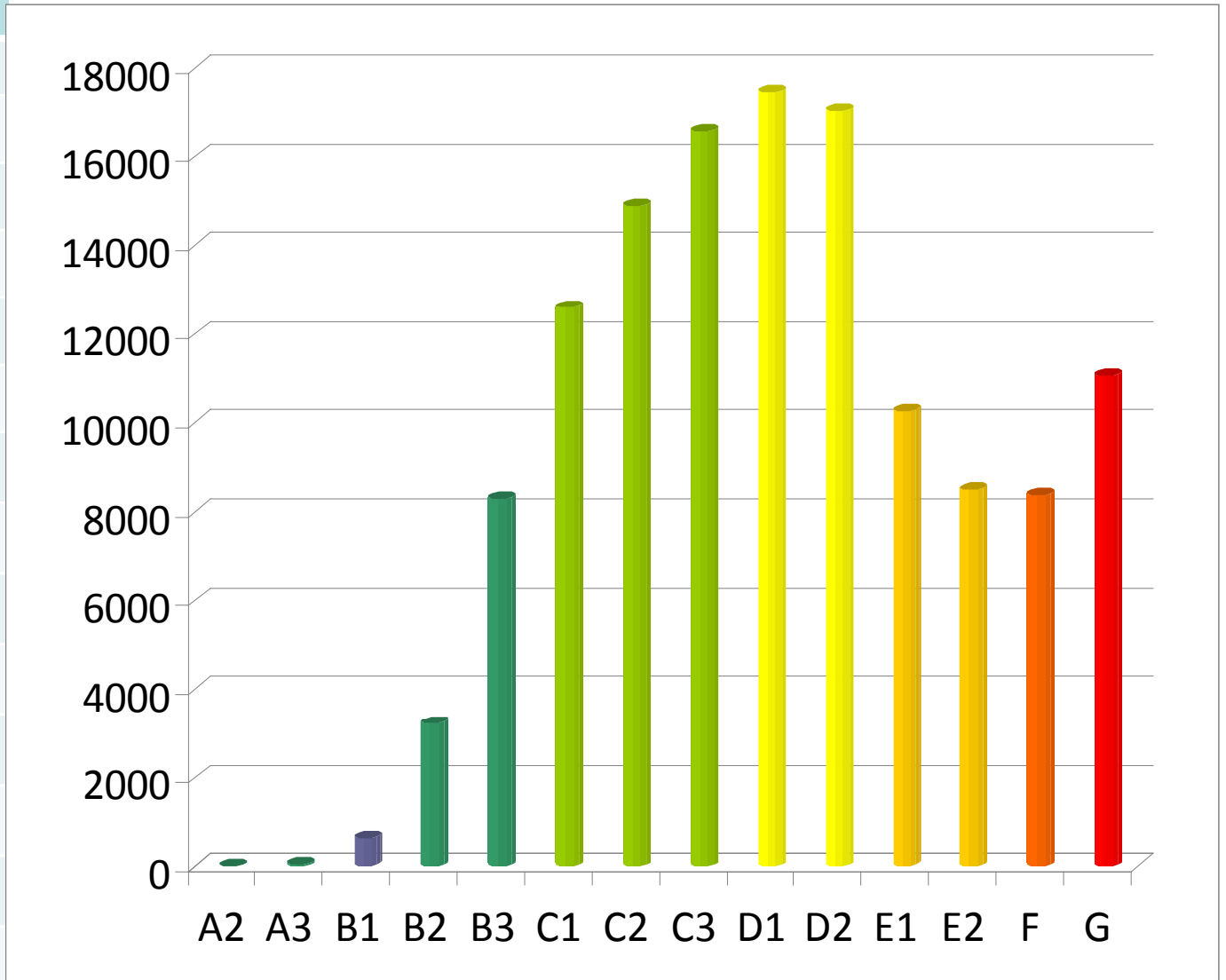
Thermal Efficiency Measures

- Measures targeted at 3 areas:
 - Private housing
 - Social housing
 - Voluntary housing
- Important to understand the housing stock
- 1.77 million housing units
 - 1.6 million in private ownership
 - 130,000 social housing units
 - 25,000 voluntary housing units



Distribution of Ratings – Existing Dwellings

Grade	Number
A2	12
A3	58
B1	634
B2	3,224
B3	8,271
C1	12,589
C2	14,874
C3	16,554
D1	17,449
D2	17,021
E1	10,257
E2	8,488
F	8,363
G	11,057





Estimated Annual Running Costs for Typical Dwelling Types and BER Ratings based on 2010 Fuel Prices - €per annum

BER Rating and Dwelling Type/Size	2 bed apartment (75 Sq M)	3 bed semi-detached house (100 Sq M)	4 bed semi-detached house (150 Sq M)	Detached House (200 Sq M)	Large House (300 Sq M)
A1	110	150	230	300	500
A2	230	300	450	600	900
A3	280	370	600	700	1,100
B1	340	460	700	900	1,400
B2	440	600	900	1,200	1,800
B3	500	700	1,100	1,400	2,200
C1	600	900	1,300	1,700	2,600
C2	800	1,000	1,500	2,000	3,000
C3	900	1,200	1,700	2,300	3,500
D1	1,000	1,400	2,100	2,700	4,100
D2	1,200	1,600	2,400	3,200	4,800
E1	1,400	1,800	2,800	3,700	5,500
E2	1,600	2,100	3,100	4,200	6,300
F	1,900	2,500	3,800	5,000	7,500
G	2,400	3,100	4,700	6,300	9,400

* Figures refer to estimated annual running costs for principle energy usage, based on average of domestic oil and gas prices as of October 2008. Running costs are estimated on the basis of typical occupancy and heating of dwelling to a comfortable level.



Risk of Energy Poverty for Typical Dwelling Types and Energy Efficiency Ratings - Annual Energy Expenditure as % of Household Disposable Income: Median Income Household (41,000)

BER Rating and Dwelling Type/Size	2 bed apartment (75 Sq M)	3 bed semi-detached house (100 Sq M)	4 bed semi-detached house (150 Sq M)	Detached House (200 Sq M)	Large House (300 Sq M)
	Annual Energy Expenditure as % of Household Disposable Income**				
A1	0.3%	0.4%	0.6%	0.7%	1.2%
A2	0.6%	0.7%	1.1%	1.4%	2.2%
A3	0.7%	0.9%	1.4%	1.7%	2.7%
B1	0.8%	1.1%	1.7%	2.2%	3.4%
B2	1.1%	1.4%	2.2%	2.9%	4.3%
B3	1.2%	1.7%	2.7%	3.4%	5.3%
C1	1.4%	2.2%	3.1%	4.1%	6.3%
C2	1.9%	2.4%	3.6%	4.8%	7.2%
C3	2.2%	2.9%	4.1%	5.5%	8.4%
D1	2.4%	3.4%	5.1%	6.5%	9.9%
D2	2.9%	3.9%	5.8%	7.7%	11.6%
E1	3.4%	4.3%	6.7%	8.9%	13.3%
E2	3.9%	5.1%	7.5%	10.1%	15.2%
F	4.6%	6.0%	9.2%	12.1%	18.1%
G	5.8%	7.5%	11.3%	15.2%	22.7%



Domestic Efficiency Measures

Focus on the Warmer Homes Scheme

- Targeted energy efficiency interventions at low-income households
- Delivered by 28 community-based organisations and 12 private contractors
- 61,412 homes have been upgraded since 2001 to date under the WHS



Domestic Efficiency Measures

Other Housing Initiatives

- Central heating scheme for social housing
- Housing adaptation grants for older people and people with disabilities
- 2010 building regulations
- Standards for rental accommodation
- Retrofitting demonstration projects
- Retrofitting of vacant dwellings and apartment complexes
- Home energy saving scheme

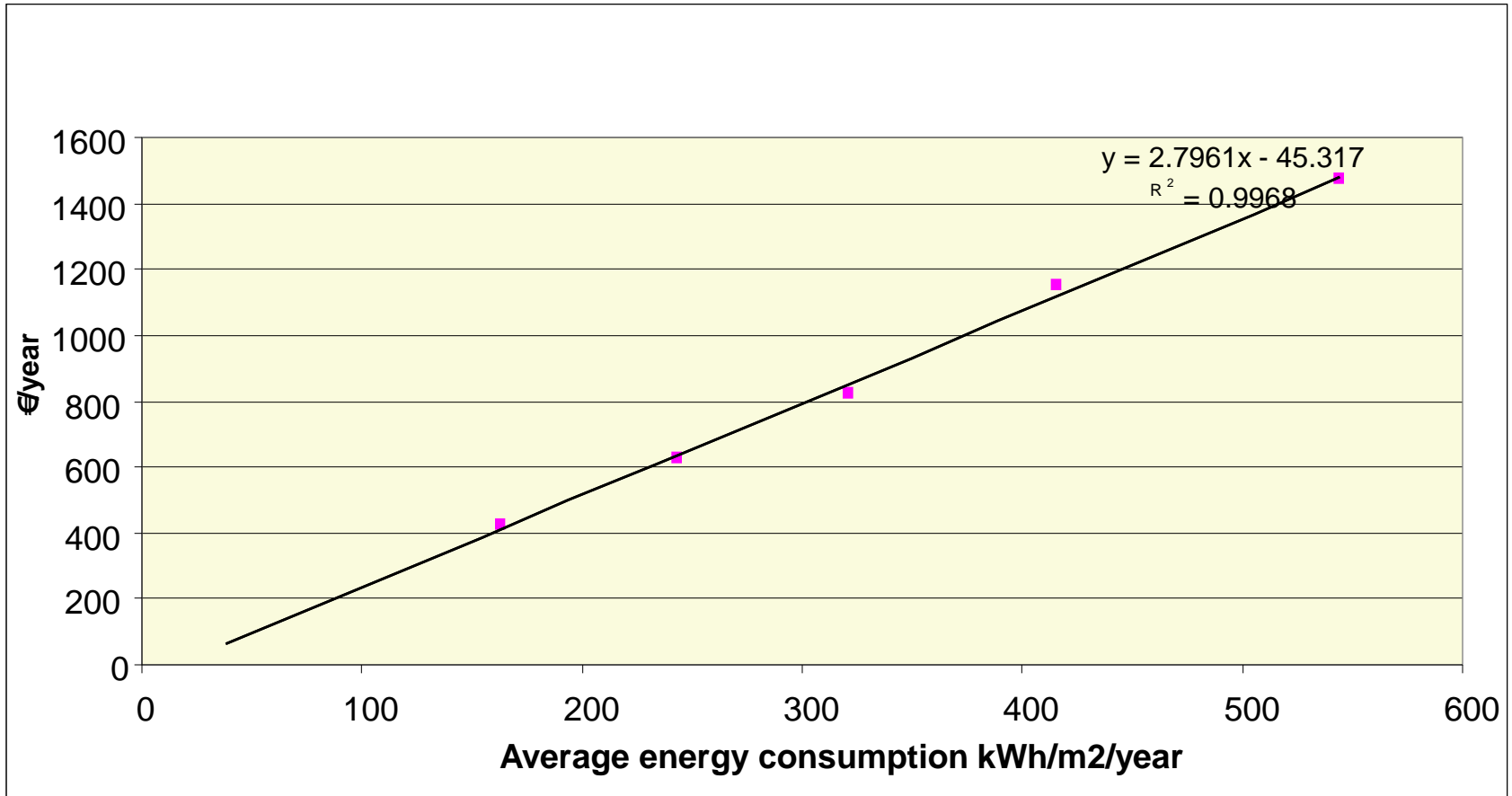


Future Initiatives

- Affordable energy strategy
- More area-based initiatives
- Review eligibility criteria
- Revise our understanding of energy poverty
- Linking income supports to efficiency criteria?



Expenditure required to meet 40% of standard fuel bill if house is worse than C1





Thank you

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