



A global view of fuel poverty

Double disadvantage: low-income high consuming households

Into Orbit: how one social landlord is tackling fuel poverty

Taking up the challenge of cold homes



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NEA promotes energy efficiency initiatives to combat fuel poverty. Opinions expressed in Energy Action do not necessarily reflect NEA policy.

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Campaigning for Warm Homes

a global view of fuel poverty



The IEA's Energy Efficiency Unit has recently begun a new programme of work on energy efficiency policies that help mitigate fuel poverty.

Fuel poverty has long been an issue for IEA member countries. Unfortunately, evidence suggests that the incidence of fuel poverty is increasing.

Fuel poverty occurs when low income levels, high energy prices and inefficient housing make it difficult for households to afford adequate levels of warmth, cooling and light. Various definitions exist to help identify households in fuel poverty, such as that established by Professor Emeritus Brenda Boardman of Oxford University; that a household in fuel poverty is one that spends more than 10% of its income on its home energy bill. Such definitions are useful for estimation purposes, but fuel-poverty thresholds need to be dynamic, to take account of regional differences in energy and housing markets and to account for households which under-consume energy, to the detriment of their health and wellbeing, in order to keep costs down. While 14 - 20% of New Zealand's population is living beyond the 10% threshold, countries as diverse as Northern Ireland and Hungary record over 40% fuel poverty by that scale.

IEA member governments apply a range of policies to address fuel poverty. Many of these policies address low incomes and high energy prices through fuel payments and special discounted tariffs for qualifying households. While effective, these measures cost the state and the energy provider substantial amounts of money and fail to address the problem of excessive energy use by inefficient houses and appliances. Energy efficiency measures to improve the quality of the building shell of a home (i.e. sealing materials and insulation) and improve efficiency of energy-using equipment inside the home (i.e. heating systems) provide an effective solution which is both environmentally and economically sustainable. A fuel subsidy reduces household energy bills just once, while the same amount invested in low-income energy efficiency will reduce household energy bills permanently.

Energy efficiency measures are also unique in offering a range of broader "co-benefits" for participating households, energy providers and the general community. Such benefits include increased employment, reduced

costs for energy providers and improved health for participants, particularly children. In January 2011, the IEA ran a workshop, hosted by Sustainable Energy Ireland, which brought together international experts to discuss how to incorporate co-benefits in the evaluation of low-income energy efficiency programmes. Evaluation methods incorporating broader consideration of co-benefits will, over time, support improved policies and decision making on all of the fuel-poverty mitigation alternatives.

Evaluation experts at the workshop estimated the co-benefits of energy efficiency to be three times greater than the direct energy savings. Some issues, such as child health, stood out as having considerable potential to engage political support for addressing fuel poverty through energy efficiency. For example, childhood asthma, which affects as many as 15% of children in some IEA member countries, has been linked to damp and mouldy indoor conditions. Similarly, a disproportionate number of under-weight babies hospitalised during cold months prove to be from energy-insecure households. Demonstrating a link between low-income energy efficiency improvements and improved health outcomes would be a powerful boost to fuel poverty and energy efficiency advocates alike.

Another issue the IEA is investigating is the potential for policies that mobilise private investment in low-income energy efficiency to bridge the gaps that occur when public funding is reduced. Minimum efficiency standards for rental properties and energy efficiency obligations and incentives for developers and landlords are just two examples of policies which may stimulate more private investment for low-income energy efficiency improvements.

Government policies to address fuel poverty need to be dynamic, not static, to make sure that they more effectively target the neediest households and deliver the most economical forms of assistance. They also need to be innovative so as to leverage public spending with private sector contributions. Maintaining a view of energy efficiency as a means to an end – the end being affordable warmth for all and healthy, prosperous communities – will bolster support for investment in energy efficiency measures for the fuel poor.

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