



Society of St. Vincent de Paul

Active Consumers and Jointly Active Consumers under the Clean Energy Package

Submission to the Commission for the Regulation of Utilities

SEPTEMBER 24, 2020

SVP SOCIAL JUSTICE AND POLICY TEAM

Introduction

SVP welcomes the opportunity to respond to the CRU's consultation on active energy consumers within the Clean Energy Package. SVP is the largest voluntary charity of social concern in Ireland, with 11,000 members volunteering in 1200 local conferences. Last year members received over 160,000 calls for assistance from the public, and one of the main areas we support people with is energy poverty.

It is estimated that energy poverty (measured as spending 10 per cent or more of a household's disposable income on energy) affects one in six households in Ireland, with the rate for lone parents reaching 31 per cent¹.

This year we know that many households will be facing higher energy bills due to the impact of staying at home during Covid-19 lockdown. For households on a low income (including those managing with a drastically reduced income due to job loss or hours reduction) the additional pressure of these energy costs will lead to worry and hardship.

Within the new economic context of Covid-19, it is more important than ever that customers in energy poverty are protected from rising costs, whether that is in the unit price of energy, in standing charges, or in taxes and levies. As the poorest customers spend the highest proportion of their income on energy, any increase in charges will have a disproportionately negative impact on them.

Overview of active consumers.

The Clean Energy for All Europeans legislative package includes requirements for member states to support active consumer behaviours. The CRU considers active consumers as those customers who participate in the generation, supply, and storage of electricity, and who participate in energy efficiency and flexibility schemes. Active consumption would allow customers to proactively manage their energy use with the use of improved information and technology systems, to make informed decisions about their energy spending and ultimately to contribute to national improvements in sustainability.

The changing role of energy consumers has the potential to benefit customers in energy poverty, and energy poverty is recognised as a policy priority within the Clean Energy Package². The poorest households in Ireland spend the highest proportions of their income on energy, and so any mechanisms that allow customers to use their energy spend as efficiently as possible is welcome. This includes the potential benefits of smart metering informing households about consumption, of energy efficiency lowering costs and even of producing affordable energy at home or with neighbours.

However, it is important that the CRU, suppliers, and policymakers must put in place measures to:

1. Protect low income customers from rising prices, including unit prices and levies, taxes and standard charges associated with systemic improvements.
2. Facilitate the involvement of low income and vulnerable households with the benefits of any improvements, ensuring they are not excluded through financial mechanisms, awareness, or other limitations.

¹ <https://www.svp.ie/getattachment/2cb10388-e3ca-41ef-9911-a17f252ce09c/Growing-up-in-the-Cold.aspx>

² https://ec.europa.eu/energy/topics/markets-and-consumers/energy-consumer-rights/protecting-energy-consumers_en

Question 1 What consumer benefits do you see from enhancing participation by active consumers in the electricity sector?

There are numerous potential benefits to low income and energy poor customers being enabled to actively participate in their energy consumption.

- Awareness of energy usage leading to more energy efficient decisions and behaviours, including pursuing retrofitting where appropriate and possible.
- Increased awareness of energy costings leading to supplier or tariff switching for better deals
- Smart metering should lead to ‘flagging’ of self-disconnection/ unusual usage to suppliers and provide a point of intervention³
- Installation of technology such as smart meters offer a point at which to consult and inform households about their energy use and options.⁴

However, due to the limitations and challenges faced by customers in energy poverty, rollout of active consumer options will not inevitably be felt by them. Instead, specific pathways and supports need to be designed that specifically suit their needs so that they are fully able to benefit from opportunities.

It should be noted that there are risks associated with changes, including that low-income customers who already tend to use significantly less energy will be unable to save much due to already low usage, while cross-subsiding measures benefitting higher-income customers, further exacerbating energy inequality.

Response to Question 6 Are the current schemes for active consumers easily accessible to all consumers (including low-income and vulnerable customers)?

As with barriers to participating in energy efficiency measures, barriers to active consumption could include:

- Low income customers not being aware of opportunities or entitlements. Appropriate intermediaries are necessary to reach out and support customers to participate in their range of entitlements.
- Financial barriers, including access to credit or capital for some improvements, or being eligible for certain tariffs or payment options with suppliers. Finance options must be available including full grant funding or low and no cost credit for those who can avail of credit options.
- Low income customers in rented accommodation suffer from a split incentive between their landlord for taking on improvements.

Conclusion

We would emphasise that while highly important and a welcome development, empowering customers to make informed choices will not be enough to protect vulnerable and financially insecure customers living in energy poverty.

In the short term, customers require energy prices to be affordable and predictable, and in the long term they require housing, including in the private rented sector, to be high quality. (As per guidance within the consultation document our response has not examined in detail the very significant gains from energy efficiency schemes, as this falls under the remit of the SEAI.)

³ Please see: <https://energyaction.ie/ea/wp-content/uploads/2017/07/Christine-Liddell-1.pdf>

⁴ Ibid.

We would encourage the CRU to ensure that any steps to support active consumer behaviour are poverty proofed to ensure that they are fully accessible for low income households, and that they do not exacerbate energy poverty or inequality further.