

Energy Strategy

Consultation Response

July 2020

Advice NI Response to Dept. for Economy Energy Strategy Consultation

Introduction

The Advice NI policy team responded to the Department for the Economy's consultation on their Energy Strategy. Energy is pervasive, impacting on all aspects of society and on just about everything we do. So where we source our energy from, whether we have to import it and how much it costs has repercussions right across society and especially for those living on low incomes. For example, social challenges such as fuel poverty and environmental concerns such as global warming and pollution, are all effected by how we generate and use energy. Therefore, energy is relevant to the work of Advice NI. This paper provides a summary of our response to this crucial strategy on energy.

Body of Response

In our opening paragraphs to the response, we discussed the wider context of energy generation and use. Any energy strategy, as part of an overarching climate action framework, must recognise that about our 93% of our energy is derived from fossil fuels, and about 87% of that is imported. This makes our energy system highly dependent, vulnerable and over-reliant on fossil fuels. Our goal must be to increase our use of sustainable green energy so that we can become carbon neutral and energy independent, resilient and secure. We are a long way off that goal. The share of energy from renewable sources on the island of Ireland is about a third below the OECD average and around half the EU average. In comparison to most other places, we are lagging far behind. Further, NI signed the 'Under 2' Memorandum of Understanding but we seem to have made little progress with that regard.

Other regions have been more courageous and decisive when it comes to tackling climate change and we can learn from their successes and failures, and tailor best practice to suit our specific circumstances. The UN and G7 have both made commitments to end the use of fossil fuel. Germany rejected nuclear energy and made a strong commitment to wind energy; the move met with criticism that it's expensive and heavily subsidised but these criticisms ignore the cost of continuing to use fossil fuels or that the fossil fuel industry itself has been subsidised to the tune of £billions. Scandinavian countries have some of the lowest carbon footprints even though they're among the richest. Denmark has an extremely high level of wind penetration, something that is aided by way of interconnectors with Norway and Sweden. Sweden has a zero-carbon plan. The Aran Islands have set a target to become energy independent and carbon neutral by 2022.

Because the majority of our energy is imported, other jurisdictions have a disproportional impact on our ability to meet our energy needs and address climate change. But, it doesn't have to be this way. According to the European Marine Energy Centre in the Orkney Islands, the north and west coasts of Ireland are home to the biggest wind and wave resources in Europe. We also have considerable potential for energy generation through sustainable biomass, and further though lesser potential through solar and micro-hydro. Therefore, NI has an opportunity to vastly reduce dependence on other jurisdictions and transition to an independent, decarbonised energy system.

The key energy-related recommendations from the CCC 'Reducing Emissions in Northern Ireland' report are important and should be implemented. Although, they could be developed further by linking them explicitly to the economy and to farming. Our current economic system functions in a way that is anathema to the transition to a carbon-neutral

society. It's based on continuous growth, over-consumption and waste, globalisation and excessive international trading, all of which have brought about global warming and are accelerating our climate problems. Modern farming practices are heavily dependent on fossil fuels and are causing severe environmental damage to our soil, water and air. Both are discussed in latter in this response but any strategy or plan to reduce carbon emissions cannot ignore these massively contributing factors.

Transition to zero-carbon

The consultation asked for feedback on how NI could make the transition to zero-carbon energy. We provided detail on the various options available to NI. The specific environmental conditions here mean that Wind-Water-Sun (WWS) and sustainable biomass, with some solar and micro-hydro is the optimal combination of sources that can be applied right now in NI. We have the best wind and wave resources in Europe, as well as great potential for biomass. We must maximise these sources.

The centralised nature of our electricity grid infrastructure means it's purpose-built for non-renewable energy sources. This presents a major barrier as we try to introduce decentralised renewable sources and microgeneration. If we are serious about addressing global warming and achieving a carbon-neutral provision, these limitations must be overcome. Ideally, the grid would comprise of a combination of diverse renewable energy sources and decentralised micro, small, medium and large-scale generation technologies.

NI has particularly high levels of fuel poverty in NI (discussed elsewhere in this response) present a challenge when making the transition to zero-carbon. People in fuel poverty can rarely afford to take energy efficiency measures or become micro-generators of their own energy. Climate action to reduce carbon emissions that 'make the polluter pay' can have the unintended side-effect of hitting the poorest households hardest, not just because of rising costs but because those households tend to use the most carbon-intensive fuel and inefficient heating systems. Higher energy costs penalise smaller households more than bigger households due to the economies of scale. In this way, environmental measures can be regressive and can contribute to greater economic inequality. It's important to remember this when implementing such measures so that poorer households are not driven deeper into poverty, fuel poverty, and hardship. As such, it's essential that mitigating measures are put in place alongside the environmental measures to compensate those households most impacted.

The question of storing electricity is hugely problematic. In the present day, we have limited technology capable of storing large quantities of electricity. If we are to move to renewable energy, the need for new energy storage technologies, both small and large-scale, will be unavoidable. The EU stoRE project is solely dedicated to developing the technology that will allow high penetration of renewable energy sources into the European grid by focusing on energy storage, especially bulk energy storage technologies, i.e. pumped hydro energy storage (PHES) and compressed air energy storage (CAES). The potential of a CAES facility is being explored in Larne.

An explicit plan must be developed to transition to zero-carbon. One methodology for developing a pathway and timeline for decarbonisation is Craig Simmons's Carbon Transition Roadmap. This roadmap could be used for all energy forms, electricity, heat and transport, and not only heat. Simmons is a specialist in ecological foot printing, and his Roadmap sets out the means for achieving carbon emissions goals emissions by using a mix of renewable energy sources and energy efficiency. The Roadmap starts by first

quantifying the annual total energy needs, and then quantifying the reduction required in fossil fuel and nuclear energy use and energy consumption, year on year, until 2050. The Roadmap goes on to list the renewable energy sources that can be part of the solution: large-scale wind, tidal and wave supplemented with biomass, micro-wind-solar-hydro; and all combined with energy efficiency, CHP and energy demand reduction. The Roadmap finally offers a sample national energy budget specifying national allocations of energy shared out among the various sectors of industry, transport, agriculture, and domestic; as well as personal and individual household energy allocations.

Consumers and fuel poverty

A section of the consultation focused on consumers and the knock-on effects of energy costs on people, particularly low-income groups.

In 2011, in their Fuel Poverty strategy for NI, DSD¹ stated that “first and foremost fuel poverty is a subset of poverty, and the 3 main factors which impact on fuel poverty are: income; fuel price; and energy efficiency”².

In terms of fuel price, that ultimately rests with the suppliers in NI and the Utility Regulator. In 2019 Power NI announced a tariff increase, which occurred despite a decrease in wholesale energy prices over the past year. While the Utility Regulator viewed this move as justified³, it makes energy less affordable and does not facilitate the ability to climb out of fuel poverty.

However, steps other than price reduction can be taken to eradicate fuel poverty. Sixty-eight percent of all households are reliant on home heating oil, a non-regulated fuel. The natural gas industry in NI, which is only used by 16 per cent of households for their heating needs, has a dedicated Departmental policy resource and is regulated by the Utility Regulator, whilst heating oil is not⁴. The Consumer Council recommend that the oil industry should be regulated so that home heating oil consumers would receive a greater protection than they have now.

Advice NI believes that a multi-agency, cross-cutting partnerships could prevent, or at the very least reduce, the number of deaths caused by fuel poverty each year. This includes, but is not limited to: government departments, private energy firms, NICE and the NHS, and charities such as Age NI. All should establish common goals and priorities, primarily to reduce the number of cold-related deaths.

The Committee for Social Development, in 2012, stated that elimination of fuel poverty is going to require a long-term strategic policy approach⁵. Given that England, Wales & Scotland [between 2018 & 2020] are issuing new Fuel Poverty Strategies, it can be argued that this is an urgent matter for DfC to address.

Low income is a contributor to fuel poverty. The members of Advice NI complete ‘benefit checks’ to ensure that clients are getting every Social Security payment that they are entitled to. Clients are also signposted to other appropriate schemes, such as the Cosy Home

¹ Department for Social Development, now replaced by Department for Communities

² <https://www.communities-ni.gov.uk/sites/default/files/publications/dsd/warmer-healthier-homes.pdf>

³ <https://www.uregni.gov.uk/news-centre/utility-regulator-comments-power-nis-tariff-increase>

⁴ http://www.niassembly.gov.uk/globalassets/documents/social-dev/fuel-poverty/heatingoil_fuel-poverty.pdf

⁵ <http://www.niassembly.gov.uk/assembly-business/committees/2011-2016/social-development/reports/report-on-fuel-poverty/#2>

scheme. It is vital for NI to retain and visibly promote any housing/energy efficient schemes, grants and allowances.

Every year the NI Sustainable Energy Programme (NISEP) publishes a list of grants. The scheme is delivered by energy companies and managed by the Utility Regulator. It is designed to provide support to people who may not be eligible for other schemes such as 'Affordable Warmth'. Eighty per cent of the scheme is targeted at low income households and those at risk of fuel poverty⁶. However, details of NISEP cannot be found on NI Direct. The most recent NI fuel poverty strategy stated 'the eradication of fuel poverty must remain as a core goal'⁷. This is not necessarily reflected in the information provided for consumers on NI Direct. NISEP details are not 'advertised' on the Utility Regulator website and has to be searched for. This suggests that only if you are already aware of the scheme, can you find further information.

Information about NISEP and other grants and allowances should be made more accessible for the general public, preferably through an independent agency. Referrals are preferential to signposting, so a referral from (for example) a benefits charity to a specific, '1-stop shop' may prove more effective⁸. Failing that, signposting links should be added to government, statutory agencies and advice centre websites. The Consumer Council and Advice NI could also provide space on their websites for customers to research all schemes that are available.

Advice NI also supports the approach of enable and protect:

a) Enable Active customers:

- There needs to be a central, independent information service to enable consumers to make the energy choice that is right for them.
- To compare electricity suppliers, in NI comparison tools only show you what tariffs are available and how much you can potentially save based on the info you provide. They can't complete the switch for the customer. Tools are needed which perform that final step too.
- The consumer should always, where possible, have a choice regarding their energy suppliers.

b) Protect vulnerable customers:

- DoE to investigate the creation of an energy comparison tool that includes the final step of making the switch.
- Continual training and development programmes should be implemented for all staff, to ensure systemic change and awareness from first contact staff to board members.
- A customer should only need to disclose their vulnerabilities once; the company's case recording and monitoring systems should allow this process to happen smoothly.

⁶ <https://www.housingadviceni.org/grants-financial-assistance/energy-efficiency>

⁷ <https://www.communities-ni.gov.uk/sites/default/files/publications/dsd/warmer-healthier-homes.pdf>

⁸ There are two key differences with referral: firstly, with referral an agency is more likely to have started work on a client's case. Secondly, the agency will make contact with the referral agency directly on behalf of the client. <http://asauk.org.uk/wp-content/uploads/2013/09/Referral-Networks-key-steps-to-effective-signposting-and-referrals.pdf>

- Information and advice around energy efficiency and available grants should be much more easily available to those in receipt of benefits, and this is the responsibility of the DfC.
- Advice NI believes it is paramount that any employee who has dealings with customers should be trained on the care registers and is confident in speak about these, the benefits and sharing data with each other to ensure that the customer is fully informed.
- The vulnerable may fall into arrears. Where someone is deemed in financial hardship, companies should provide the client with a breathing space period, during which no action is taken against the client, plus a referral to free debt advice.

Energy efficiency

Energy efficiency is extremely important and has to be part of any strategy about the future of energy so it was no surprise that the consultation sought feedback on this issue. We pointed out that there were excellent demonstrations of energy efficiency programmes that we could learn from in NI. The Arbed project in Wales is an area-based energy performance investment programme which retrofits income and fuel poor households for energy efficiency and sustainable energy measures. The Kirklees programme in Yorkshire is another example which aims to create new jobs, reduce CO₂ emissions and tackle fuel poverty. Following a £14.9 million investment, the programme created 114 jobs, safeguarded a further 99 and saved 145,113 tonnes of CO₂.

The Green New Deal is a concept that has been well developed by the Green New Deal Group in England, and a subset of those ideas was tailored to create an NI-specific Green New Deal. The Green New Deal approach takes cognisance of the three interrelated problems of climate change, of a recession caused by spiralling debt, and of fossil fuel depletion resulting in rising energy prices. The NI Green New Deal describes and costs a programme of sustainable energy and energy efficiency retrofitting measures as a means of reducing energy use and CO₂ emissions, tackling fuel poverty, reducing dependency on imported fuel and stimulating a low-carbon economy.

At present, commercial and private buildings in NI are heavily dependent on fossil fuels, and new buildings (including private housing, social housing, commercial and industrial buildings, and public sector buildings) are being constructed all the time that are entirely fossil-fuel dependent. Major changes are needed in our construction practices if we're to ensure zero-carbon buildings. Building regulations should be amended to: a) enforce energy efficiency standards in all buildings, new and existing; the standards must be high enough to make an impact on fuel poverty and contribute to energy conservation; the regulations would apply to domestic, public, industrial and commercial buildings; b) require landlords in the private rent sector to bring their properties up to the necessary energy efficiency standard before they can register as landlords; c) develop and incorporate into building regulations a Code for Sustainable Homes / Passivhaus for eco-friendly construction practices that applies award levels ranging from 10% energy efficient to zero carbon; d) require new builds to meet at least 25% increased energy efficiency, phasing in higher and higher levels so that over time, until zero carbon is mandatory.

Planning regulations should be amended to: a) ensure that large-scale wind energy developments are built with regard to the surrounding landscape and the concerns of local communities; b) require applicants of large-scale commercial-only sustainable energy projects to enter into an agreement with the local Sustainable Energy Agency to allocate

6.25% of company shares to the local council-community energy cooperative; c) ensure that community-led and community-council led energy projects are given priority in the planning process; d) provide an advice service to help local planning authorities with the complexities of managing new, decentralised renewable energy services and technologies; e) require SONI to provide priority grid access for microgeneration, community-led and community-council led energy projects.

Energy and the Economy

This section of the consultation sought views on the interplay between energy and the economy. Our predominant economic model places emphasis on continuous growth, over-consumption, international 'free' trade and capital mobility all to the detriment of our environment and society. This paradigm is reflected in our food production system which is heavily industrialised, carbon-intensive, unhealthy and inefficient, polluting our water and air, producing high volumes of carbon emissions, depleting our land resources, producing disproportionate amounts of dairy and meat and requiring too much transportation.

Many measures to tackle climate change and transition to renewable energy are considered direct threats to our economy – loss of jobs, reduction in consumption, slow-down of growth, carbon taxes, greater fuel poverty, etc. We hear too often that our economy is going to suffer because of climate action. But this is a myopic view. It doesn't consider that climate action, handled in an integrated and holistic way, can be the solution to a range of social and economic problems, and not only environmental-related problems.

For example, if we take the problems of fossil fuel use (environmental), energy insecurity (social), fuel poverty (social) and high unemployment (economic), we can look to address all of these through climate action measures:

- We could set up worker-owned cooperatives to install and maintain onshore and offshore wind turbines. This would teach new skills and create jobs of a decent quality—because the jobs are based in worker-owned cooperatives (economic).
- We could set up consumer cooperatives to generate and sell wind energy. The prosumers would get the proceeds of the energy generated by their wind turbines and there would be community buy-in to the turbines (economic, social).
- Some state-owned energy enterprises could be established to generate and sell wind energy. The proceeds would be used to provide subsidies to those in fuel poverty (social).
- We could establish a worker-owned cooperative to manufacture onshore and offshore wind turbines. This would create more quality jobs and develop advanced skills (economic).
- And all of this would help to develop the renewable energy sector in NI making us more energy-independent and carbon-neutral (environmental).

For example, if we take the problems of carbon-intensive agriculture (environmental), poverty among farmers who struggle to make their farms financially viable (economic), food trade miles (environmental), high unemployment (economic), poor quality food that results in ill-health (social), these too can be aided through a symbiotic solution:

- Farmers could install composters or anaerobic digesters to use organic waste. These would provide electricity to run their farms and households, bio-diesel for their machinery, and fertiliser to replace artificial fertilisers (environmental).
- Farmers could practice regenerative farming practices. This would help restore the quality of soil and water, sequester carbon, reduce the need for artificial fertilisers

and pesticides, reduce carbon emissions and produce healthier food (environmental, social).

- Local food production markets could be established in each council area. These would provide reliable markets for farmers and healthy locally-grown food for residents (economic, environmental, social).
- Worker-owned cooperatives could be established to process some of the food grown e.g. locally-grown rapeseed processed into rapeseed oil. This would teach new skills and create quality jobs (economic).
- Consortia could be formed by local farmers to bid for big public contracts that provide food to hospitals, schools, etc. This would give farmers a reliable market for their produce while also giving patients, school children, etc. fresh, quality food (economic, social).
- In general, we would reduce imports of food and the amount of trade miles travelled, which in turn would reduce carbon emissions and help us become more self-sufficient and resilient (environmental, social).

Developing a green sector makes sense and combining it with the worker-owner cooperative model has the potential to meet our need for secure low-carbon energy as well as our need for a stable, more equal economy.

Conclusion

We concluded the response by stating that there was a need to begin seeing the interconnections between the problems and the solutions rather than continuing to work in silos. When people and government departments work separately, we usually find that the solution to one problem only creates or exacerbates other problems e.g. reducing carbon emissions through 'make the polluter pay' measures ends up causing greater fuel poverty. Although it's recognised that joined-up approaches are needed and government departments talk and write about it, in reality it isn't happening in an effective way.

The time has come to stop paying lip service to tackling climate change and to start taking action. The solutions are already available and the best of them don't require vast sums of money or complex technology. We asked if government departments in NI had the courage to work with people at the grassroots level to get us through or would it be business as usual until it's too late?



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