



**Threshold's Submission to the Revised Energy
Poverty Action Plan 2024 Consultation**
May 2024

Introduction

Threshold welcomes the invitation to contribute to the Revised Energy Poverty Action Plan 2024 Consultation.

The overall mission statement of the existing Energy Poverty Action Plan strongly emphasises the desire to establish a range of clear, timebound actions aimed at tackling energy poverty. As an organisation working at the coalface of the Irish housing crisis, Threshold welcomes this initiative.

Threshold, the national housing charity, has worked with and supported tenants living in the private rental sector since 1978. Each year, Threshold assists approximately 20,000 households that are experiencing difficulties in their private rental tenancies and prevents thousands of households from entering homelessness.

Threshold's focus is on people, with staff aiming to keep clients in their homes and ensure they live in sustainable communities. Threshold's mission is to advise tenants, prevent homelessness and to pursue a right to housing for all. It tackles this in a variety of ways: through meaningful client engagement, by providing clients with the advice and support they need to thrive in sustainable tenancies, by protecting their tenancies and by preventing homelessness.

Implementation of Legal Framework

Energy poverty has been defined at the EU level, identifying low income, low energy efficiency and high energy expenditures as the main factors. What other factors would you include in a national definition? Which of these do you think is the most important to include in a national definition?

One key indicator of energy poverty that Threshold would include here is material deprivation. Data on this has been published by the Survey on Income and Living Conditions (SILC).¹ This survey gathers information on the income and living conditions of diverse types of households in Ireland and has established indicators for poverty, deprivation and social exclusion. The main variables of the data are household type and personal income, but it has also developed several other key indicators; these are the 'at risk of poverty' rate, 'enforced deprivation' rate and 'consistent poverty' rate.

Threshold would point to fuel poverty as a key indicator, specifically home heating. Again, the SILC questionnaire asks respondents if they have been without heating at some stage in

¹ CSO. (2022). *Survey on Income and Living Conditions (SILC): Enforced Deprivation 2022*.
<https://www.cso.ie/en/releasesandpublications/ep/p-silced/surveyonincomeandlivingconditionssilcenforceddeprivation2022/>

the last year, been unable to afford to keep the home adequately warm or had utility arrears. This SILC data can be broken down by family composition and principal economic status. This data is an ideal reference point for this action plan, as it is regularly utilised by the European Commission, government departments, NGOs and researchers.

As we are all aware, there are several negative impacts of fuel poverty. Colder indoor temperatures place thermal stress on the body, which can affect the immune system and the blood and cardiovascular system.² Houses that are cold, and damp also tend to generate mould and encourage dust mites, which can further intensify any respiratory or allergy-related conditions.

Another indirect effect of fuel poverty is material deprivation,³ where occupants may have to cut back on other spending areas; this can lead to increased social isolation and exclusion. At the same time, high energy costs may lead to the accumulation of debt and spatial shrink, as they can only afford to heat some areas of the house.

Using such material deprivation indicators, Irish research has also shown that the relationship between housing (including type of property, age of property and housing quality) and fuel poverty is not significantly different from the relationship between housing and basic deprivation.⁴ This suggests that better-off households will tend to own rather than rent and will live in better quality housing.

As an example of how material deprivation indicators could be used to identify fuel poverty, the Pobal HP Deprivation Index could be an adequate tool to identify older people facing this issue.⁵

Meeting the Cost of Energy

What barriers do you believe are preventing customers from accessing affordable and reliable energy services?

Prepay meters are a barrier to accessing affordable and reliable energy services, particularly for renters.

² Romero-Ortuno, R., Tempany, M., Dennis, L., O’Riordan, D., & Silke, B. (2013). Deprivation in cold weather increases the risk of hospital admission with hypothermia in older people. *Irish Journal of Medical Science*, 182, 513-518.

³ O’Meara, G. (2016). A review of the literature on fuel poverty with a focus on Ireland. *Social Indicators Research*, 128, 285-303.

⁴ Watson, D., & Maitre, B. (2015). Is fuel poverty in Ireland a distinct type of deprivation? *Economic and Social Review*, 46(2), 267-291.

⁵ Pobal. (2022). *Pobal Maps*. <https://data.pobal.ie/portal/apps/sites/#/pobal-maps>

Prepayment meters are pay-as-you-go gas and electricity meters. They can be topped up. They are mostly used by people who are struggling financially, as they allow a customer to pay for small amounts at a time. They are also an option for those who do not have a bank account and cannot set up a direct debit. These services are disproportionately used by renters, in both the private rental and social housing sectors.

One problem that all users of pay-as-you-go meters face is that energy costs can be higher. There are pay-as-you-go service charges, which are small daily charges that cover the ongoing maintenance of your meter.

In the UK, the government recently announced that the extra charges associated with prepayment meters will be abolished, removing the 'prepayment premium' in the energy market.⁶ This means that customers with a prepayment meter will pay the same price as direct debit customers for their energy.

Another issue with pay-as-you-go meters is claiming the cost-of-living energy credit. Threshold believes that the energy supplier should give instructions on how to redeem this. One issue with this credit is that if the landlord is the account holder, they are responsible for passing it on to the tenant. If they do not pass it on, it is then up to the tenant or licensee to raise the issue with the landlord; if this is unsuccessful, they may then have to lodge a dispute with the Residential Tenancies Board (or Small Claims Court in the case of residential licensees).

Which groups do you consider have not received enough support, up to now?

One of the groups that has not received enough support is renters in the private rental market. It is well known that the private rental sector is associated with energy poverty, with Irish energy-poverty rates in this sector being among the highest in Western Europe.⁷

In some cases, living in the private rental sector is one of the factors contributing to energy poverty,⁸ as vulnerability to energy poverty can be linked to renting conditions and stipulations, such as tenancy insecurity and quality of housing.⁹

The issue is quite nuanced. While newer rental properties are built to very high energy performance standards and require a low amount of energy to run, older rental stock is

⁶ Atkins, V. (2023). *Spring Budget 2023*. His Majesty's Treasury: House of Commons.

<https://www.gov.uk/government/publications/spring-budget-2023>

⁷ Bouzarovski, S., Burbidge, M. & Stojilovska, A. (2020) *Deliverable 2.6 report on energy poverty in the PRS: overview & framework*. Enpor. https://enpor.eu/wp-content/uploads/2023/02/Deliverable2.6_ENPOR.pdf

⁸ Roberts, D., Vera-Toscano, E. & Phimister, E. (2015). Fuel poverty in the UK: Is there a difference between rural and urban areas? *Energy Policy*, 87, 216-223. <https://doi.org/10.1016/j.enpol.2015.08.034>

⁹ Clair, A. et al. (2019). Constructing a housing precariousness measure for Europe. *Journal of European Social Policy*, 29(1), 13-28. <https://doi.org/10.1177/0958928718768334>

often much more inefficient, and this is where energy poverty is much more likely to proliferate.

While we recognise that there are government supports to improve the energy efficiency of properties, these schemes do not target private residential landlords. Such grants are more commonly accessed by homeowners, who, research has shown, are already at an advantage; these include the National Home Energy Upgrade Scheme, the Better Energy Homes Scheme and grants for attic and cavity wall insulation.

A key barrier to retrofitting the private rental sector is the so-called ‘split incentive’ or tenant–landlord dilemma. While tenants have a lot to gain from a more energy efficient home, the advantages are not so apparent for landlords.¹⁰ This dilemma hinders the potential of these schemes to tackle energy poverty in the private rental sector.

What gaps do you see in the current Energy Poverty Action Plan? How could we address those gaps in a revised Action Plan?

In a revised energy poverty action plan, there is a need to introduce minimum energy efficiency performance standards in the private rental market. One gap alluded to earlier is the split incentive. To support a minimum building energy rating (BER) in the private rental sector – as committed to in *Housing for All*¹¹ – it is necessary for the Government to promote the grants available to landlords, actively engage with landlords to take up these grants and potentially adapt the delivery of existing grants to suit landlords’ needs. Such targeted schemes will ensure that renters benefit from energy retrofit grants in the same way as owner occupiers.

There is no additional cost in terms of grant provision, as there are already generous grants and tax allowances in place. However, landlords are either largely unaware of these funds or reluctant to avail of them. The Home Renovation Scheme, which ran from 2013 to 2018, was available to landlords. Unfortunately, only 2.6% of properties that benefitted from the scheme were registered as rental propertiesⁱ.

The central problem is how to encourage and engage with landlords. The Sustainable Energy Authority of Ireland (SEAI) stresses that there are ‘capability’ barriers, ‘opportunity’ barriers

¹⁰ Shove, E. (1998). Gaps, barriers and conceptual chasms: theories of technology transfer and energy in buildings. *Energy Policy*, 26(15), 1105-1112. [https://doi.org/10.1016/S03014215\(98\)00065-2](https://doi.org/10.1016/S03014215(98)00065-2)
Bird, S. and Hernández, D. (2012). Policy options for the split incentive: increasing energy efficiency for low-income renters. *Energy Policy*, 48, 506-514. <https://doi.org/10.1016/j.enpol.2012.05.053>.
¹¹ Department of Housing, Local Government and Heritage. (2021). *Housing for all: a new housing plan for Ireland*. <https://www.gov.ie/en/publication/ef5ec-housing-for-all-a-new-housing-plan-for-ireland/>

and ‘motivational’ barriers that need to be further addressed.¹² The SEAI also recommends increasing awareness around these schemes and normalising their uptake through promotional campaigns.¹³

Understanding landlords’ attitudes about retrofitting and energy efficiency is critical for improving the sector. This is because landlords are the de-facto decision-makers, so it is necessary for policymakers to understand their motivations for engaging or disengaging from retrofitting programmes.¹⁴

In their systematic review study, Lang et al found that willingness to retrofit could be grouped into certain categories: financial (e.g. increased property value or available subsidies); tenant (e.g. tenant request, concern for wellbeing, or tenant relationship); values and beliefs (e.g. emotional attachment to the property); government (e.g. the presence of regulations); and sociodemographic.¹⁵

Ireland could also learn from an Australian study, which found that it was rare for landlords to undertake retrofitting proactively, with most projects requiring government subsidies or appliance breakdowns prior to action.¹⁶ In addition, it was found that reasons for retrofitting were not related to environmental concerns but were instead correlated with financial motivations and the desire to be seen as responsive to tenants.

Threshold set out detailed recommendations in respect of this issue in *Warm Housing for All*,¹⁷ in partnership with the Society of Saint Vincent de Paul.

Energy Efficiency

How can renewable energy solutions be integrated into the Energy Poverty Action Plan in a way which supports sustainability and environmental considerations?

One solution is district heating. Cities like Copenhagen and Stockholm have large district heating schemes serving millions of customers. These systems have played a key role in

¹² SEAI. (2023). *Promoting retrofitting among homeowners in Ireland through a behavioural lens: evidence review and policy recommendations*. <https://www.seai.ie/data-and-insights/behavioural-insights/publications/promoting-retrofitting-am-2/Promoting-retrofitting-among-homeowners-in-Ireland-through-a-behavioural-lens.pdf>

¹³ Ibid.

¹⁴ Lang, M. et al. (2021). Systematic review: landlords’ willingness to retrofit energy efficiency improvements. *Journal of Cleaner Production*, 303, 127041. <https://doi.org/10.1016/j.jclepro.2021.127041>.

¹⁵ Ibid

¹⁶ Lang, M. et al. (2022). Energy efficiency in the private rental sector in Victoria, Australia: when and why do small-scale private landlords retrofit? *Energy Research & Social Science*, 88, 102533. <https://doi.org/10.1016/j.erss.2022.102533>.

¹⁷ Threshold. (2021). *Warm Housing for All*. <https://threshold.ie/wp-content/uploads/2022/06/warmhousingforall.pdf>

making these cities some of the most sustainable in the world while also lowering costs for customers.

District heating is widely used across Europe and currently delivers 9% of Europe's total heating demands. Denmark is a leader in this field, with 60% of all houses heated this way using networks operated by 430 district heating companies. In sustainable cities, such as Copenhagen, district heating supplies 90% of all heat.¹⁸

District heating systems deliver both space and water heating via a network of insulated underground pipelines. Energy in the form of heat is produced centrally in large plants and delivered through the district heating network. The usage is then metered at each building. These systems use 'recoverable' or 'waste' heat, which is an unavoidable byproduct of thermal power production and many large industries.

It is estimated that there is currently enough waste heat from power production in Europe to meet all of Europe's heating demands¹⁹. The same study shows that Ireland has enough waste heat to meet more than 30% of the country's total heating needs. Codema, Dublin's energy agency, estimates that there is enough waste heat from existing power stations alone in Dublin City to meet nearly half of the capital's heating demands.²⁰

An example of this in Dublin is the Tallaght District Heating Network. This is Ireland's first publicly owned, not-for-profit energy company to provide low-carbon heat to public buildings in parts of southwest Dublin.

The project is a collaboration between South Dublin County Council and Codema. It provides heat to council buildings and the Tallaght campus of Technological University Dublin. The systems operates by capturing excess heat from the Amazon Web Services' (AWS) data centre and distributing this low-carbon heat to network customers. Fingal County Council is also assessing the feasibility of developing a district heating system. There are also plans to start using waste heat from the Poolbeg waste-to-energy incinerator to power homes.

The Government is acutely aware of the need to balance the support available under the Warmer Homes scheme and the waiting times for that support. Do you think the scheme could be adapted in any way to better target the support so that we can achieve that balance? Are the current eligibility criteria still appropriate? Please provide references to any relevant material that would support your response.

¹⁸ Philip Lee LLP. (2023). *The heat is on – district heating in Ireland*. <https://www.philiplee.ie/the-heat-is-on-district-heating-in-ireland/>

¹⁹ Danfoss Impact. (2023). *The world's largest untapped energy source: excess heat*.

<https://cdn.sanity.io/files/5zabm86v/production/88eee1dad0c4281aa831344903ae9a5b592be54e.pdf>

²⁰ Codema. (2021). *Dublin region energy master plan: key findings for decarbonising Dublin's heat, electricity and transport sectors towards 2030 and 2050*. https://www.codema.ie/images/uploads/docs/Full_Report_-_Dublin_Region_Energy_Master_Plan.pdf

Threshold believes that the current eligibility criteria for the Warmer Homes Scheme are not appropriate for a number of reasons. First, the scheme only applies to homeowners; second, the property must have been built and occupied before 2006; and third, the applicant must be receiving one of a limited number of social welfare payments.

Threshold would ask for alternative criteria, such as prioritising households based on annual income. This would open the scheme to private tenants in receipt of the Housing Assistance Payment (HAP), on the condition of a long-term lease from the landlord with a clawback in place if the landlord terminates the tenancy. In such a context, the length of the lease could be scaled depending on the level of renovation.

For those who are not in receipt of HAP or other social welfare payments, one option would be to include a sliding scale grant based on income. In Threshold's experience, there are many energy-poor households who fall just outside the current eligibility criteria and who cannot, at present, avail of a free energy upgrade.

In addition, these grants could be supplemented by introducing low-interest loans and finance via the new low-cost Home Energy Upgrade Loan Scheme²¹.

The Government has put in place several supports for landlords (including a range of grants, a tax incentive, and the forthcoming home energy upgrade loan scheme) to upgrade the efficiency of their rented properties. Are there other measures (acknowledging the challenges facing the housing sector) that the Government could take that you think would further support upgrades in the private rented sector? Please provide references to any relevant material that would support your response.

In terms of further supporting upgrades in the private rented sector, Threshold would advocate for the introduction of minimum energy efficiency performance standards. These standards could become more stringent over time to support the decarbonisation of housing in Ireland.

The state should make clear that minimum energy efficiency performance standards will be introduced in accordance with *Housing for All*, which aims to implement a minimum BER for private rental properties. This should be implemented using appropriate technical and financial measures to support small landlords. As recommended by the SEAI, this needs to include a clearly communicated lead-in time, a public awareness campaign, proactive engagement by the SEAI, and a specialised one-stop-shop for landlords.

The cost to the landlord would need to be tax deductible. The Finance Act 2022 introduced a tax relief for small-scale landlords who undertake retrofitting. This measure provides a deduction of up to €10,000 per property (against Case V taxable rental income) for certain

²¹ New low-cost Home Energy Upgrade Loan Scheme launched - <https://www.seai.ie/news-and-media/home-upgrade-loan-scheme/> (Accessed on 03/05/24)

retrofitting expenses incurred by the landlord for a maximum of two rental properties, where the tenants remain in situ.

Another suggestion would be to reform Section 97A (4) of the Taxes Consolidation Act 1997 to allow for certain energy efficiency projects. This €10,000 tax break is currently available for vacant properties, but it could be amended to include properties being retrofitted.

Another suggestion would be to introduce a mechanism like the Repair and Lease Scheme to support energy renovation of rented properties. This would provide a significant incentive to small landlords, who may not have the financial or technical capacity to retrofit their properties. Schemes such as the Tenant-in-Situ or the Cost-Rental Tenant-in Situ, could be used to keep the tenant in the home.

Research

Besides the Economic Social Research Institute's (ESRI) research programme into Energy Poverty, which generally covers measurement and targeting, what other areas do you think should be investigated/researched?

As has been highlighted in a previous question (Meeting the Cost of Energy, Q4), one of the key areas that needs to be addressed is the split incentive. It appears to be a key barrier in terms of retrofitting much of the private rental stock.

Although there is limited research on this in an Irish context, the SEAI conducted a study that identified behavioural barriers to retrofitting homes.²² A behavioural model was used to examine behavioural change, showing that individuals must have sufficient capability, opportunity and motivation to engage in retrofitting projects. Here is a breakdown of these three analytical categories:

- **Capability:** This refers to both the psychological and physical capacity to engage in the behaviour in question and can include having the necessary knowledge and skills.
- **Opportunity:** This refers to the contextual factors that lie outside an individual's direct locus of control that make the behaviour possible or prompt it, such as the physical and social environment (often refers to stimulus/catalyst for behavioural change).
- **Motivation:** This refers to the brain processes that energise and steer behaviour, including our goals and conscious decision-making, but also non-conscious factors, such as cognitive biases, emotions and habit.

²² SEAI. (2023). *Promoting retrofitting among homeowners in Ireland through a behavioural lens: evidence review and policy recommendations*. <https://www.seai.ie/data-and-insights/behavioural-insights/publications/promoting-retrofitting-am-2/Promoting-retrofitting-among-homeowners-in-Ireland-through-a-behavioural-lens.pdf>

Regarding retrofitting, Threshold suggests that these factors be further researched.

The ESRI will provide metrics to measure the number of people experiencing energy poverty and the impact of it on them. In your view, what specific indicators will be helpful in monitoring the success of the Energy Poverty Action Plan over time?

As Threshold mentioned in the first section (Implementation of Legal Framework), there are variables in SILC data that can indicate the extent of fuel poverty in Ireland. These include being without heating at some stage in the last year, being unable to afford to keep a home adequately warm, and utility arrears. These metrics can also illustrate the proportion of Irish residents experiencing energy poverty.

Policy design

In your view, how can we integrate other policies (e.g., housing, energy market regulation, income tax and income support) in our Plan to tackle Energy Poverty?

Threshold is particularly concerned for private renters, who are at risk of being left behind in efforts to tackle energy poverty and reduce Ireland's carbon emissions. Problems with damp, mould, and broken or inefficient heating systems are the second most common issues experienced by Threshold clients (after concerns about security of tenure).

As highlighted earlier, private renters do not have the authority to access grants or financial supports to address these structural problems. They are reliant on their landlord to do so.

In a 2016 report, the SEAI found that 55% of private rentals had a BER rating of D or less, with 20% rated F or G.²³ In 2021, the Central Statistics Office found that 17.4% of registered private rental properties had an A or B BER rating while the largest group had a C rating (38.1%).²⁴ This left 35.6% of rental properties with either a D or E BER rating while 8.9% had an F or G rating; 44.5% of properties had a BER rating of D or lower.

As such, roughly half of private renters live in poorly insulated homes, which are inefficient and costly to heat. This can result in energy poverty for tenants, but it can also make a home uncomfortable, unhealthy and unsafe to live in.

Many others have called for the introduction of minimum energy performance standards for rental buildings. The Irish Green Building Council have noted that this would send a clear

²³ DCCA. (2016). *A Strategy to Combat Energy Poverty 2016-2019*. <https://assets.gov.ie/76592/e4a51133-21ab-4479-ad18-34a868403553.pdf>

²⁴ CSO. (2021). *The Rental Sector in Ireland 2021*. <https://www.cso.ie/en/releasesandpublications/FP/FP-TSI/therentalsectorinireland2021/rentalproperties/>

signal to the market.²⁵ They claim it would help increase the rate of renovations, reduce energy poverty, and mitigate health problems associated with poor housing conditions. A well-signalled lead-in time, alongside financial and technical assistance, would be critical so that landlords and investors can adjust to these new market conditions.

In addition, the Department of Housing, Local Government and Heritage might review the minimum standards for rented housing to cover Indoor Environmental Quality (IEQ) standards.²⁶ This is described as the conditions inside a building; it includes air quality, but also access to daylight and views, pleasant acoustic conditions and occupant control over lighting and thermal comfort.

The current government standards lack specific performance benchmarks for minimum heating, ventilation, noise and lighting. However, IEQ standards would require landlords to ensure their rental properties provide tenants with a safe and healthy environment. Adherence to these standards would require all rooms in a property to have adequate and controllable ventilation and artificial lighting.

Conclusion

We conclude this submission by setting out our desire to work in partnership with the Department of the Environment, Climate and Communications to protect the vulnerable in our society and to ensure our clients (renters) will be key beneficiaries of these proposed long-term measures. We agree with the Department's goals, which aim to ensure that those least able to afford increased energy costs will be supported and protected to adequately heat and power their homes.

²⁵ Irish Green Building Council. (2019). *Introducing minimum energy performance standards in the rental sector*. <https://www.igbc.ie/wp-content/uploads/2019/06/IGBC-SEAI-Report-Final.pdf>

²⁶ Healthy Homes Ireland. (2023). *Our place: towards healthier greener homes*. https://www.igbc.ie/wp-content/uploads/2023/06/2.-HHI-Report_Final_Digital_20Nov23.pdf



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ⁱ Information provided on request by the Office of the Revenue Commissioners