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Mr Peter Hall
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8 December 2021

GM-1582-2021

Dear Peter

RE: RaiSe briefing paper – Small-Scale Green Energy Bill

As part of its scrutiny of the Small Scale Green Energy Bill the Committee for the Economy has raised a scrutiny point for the Department for Communities, below.

RaiSe Scrutiny Point

35. The Committee for the Economy may wish to ask the Department for Communities whether it has an estimate of the proportion of NI households at risk of falling into fuel poverty.

The Department for Communities has provided the following response.

Figures for fuel poverty in Northern Ireland are derived from the Northern Ireland House Condition Survey (HCS), carried out by the Northern Ireland Housing Executive, using the '10%' definition. Under the 10% fuel poverty methodology, a household is considered to be in fuel poverty if, in order to maintain a satisfactory level of heating (21°C in the main living room and 18°C in other occupied rooms), it is required to spend in excess of 10% of its household income on all fuel use.

The Housing Executive has advised DfC that fieldwork for the most recent HCS was undertaken in 2016, and on the basis of the data collected it was estimated that 22% of households in Northern Ireland (159,530 in total) were in Fuel Poverty. Of these, 48,140 were all adult households, 33,530 were households with children and 77,860 were older households. Rates of fuel poverty for these households, in 2016, were 17%, 15% and 34% respectively.

Modelled updates were subsequently produced for 2017 and 2018. The modelled outputs were not broken down by household type, but indicated that in total around 128,000 households (17%) were in fuel poverty in 2017, rising slightly to 131,000 (18%) in 2018.

While no further modelled estimates have been produced, a ready reckoner was developed to help estimate the impact of changing energy prices on the level of fuel poverty in Northern Ireland by

comparison with the 2016 baseline. It should be noted that the ready reckoner is based on data collected in the 2016 House Condition Survey and assumes 2016 conditions; the following assumptions were used:

- Household income has not altered since 2016.
- Energy efficiency has not altered since 2016.
- The fuel mix of households has not changed since 2016.
- Both standing charges (where applicable) and unit prices have been increased by an equal proportion.
- Number of households is assumed to remain constant (as in 2016).
- Household composition remains constant (as in 2016).

The main results table for the 2016 fuel price ready reckoner is provided in Tables A1 and A2 below. It is useful to think of the scenarios as a 'What if fuel prices were X% higher in 2016?', rather than relating to today. In reality, income and energy efficiency changes have occurred since 2016, along with possible changes to the fuel mix, changes to household composition and number of households.

The base fuel poverty rate in 2016 was 21.5% (160,000 households). Columns show the impact on fuel poverty as prices go up by 5%, 10%, 25%, 50% by fuel type and then by all fuels. So, for example, a 10% increase in oil alone would have increased the fuel poverty figure from 21.5% to 24.4% in 2016, and the number of households in fuel poverty from 160,000 to 181,000. The fuel type scenarios in the tables below only take into account changes to *fuel price*.

Table A1 – Number of households (thousands) in fuel poverty for various fuel price scenarios with 2016 as a base figure (742,000 households in total)

Number of Households Fuel Poor in Northern Ireland (thousands)									
Change in Price (%)		-25%	-10%	-5%	BASE	5%	10%	25%	50%
Fuel Type	Mains Gas	153	158	159	160	161	163	170	178
	Electricity	121	145	154	160	172	181	214	273
	Solid Fuel	157	158	159	160	160	161	167	171
	Oil	112	140	154	160	171	181	213	262
	All above	73	118	141	160	186	208	281	387

Table A2 – Percentage of households in fuel poverty in Northern Ireland for various fuel price scenarios with 2016 as a base figure

Percentage of Households Fuel Poor in Northern Ireland									
Change in Price (%)		-25%	-10%	-5%	BASE	5%	10%	25%	50%
Fuel Type	Mains Gas	20.6	21.3	21.4	21.5	21.7	21.9	22.9	24
	Electricity	16.3	19.6	20.7	21.5	23.2	24.4	28.8	36.7
	Solid Fuel	21.1	21.3	21.4	21.5	21.6	21.7	22.4	23
	Oil	15.1	18.8	20.7	21.5	23.1	24.4	28.6	35.4
	All above	9.8	15.9	19	21.5	25.1	28	37.9	52.1

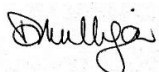
For further information please see:

<https://www.nihe.gov.uk/Documents/Research/HCS-2016-Additional-Reports/Northern-Ireland-fuel-price-ready-reckoner-for-fue.aspx>

Fieldwork for the next Northern Ireland House Condition Survey is planned for 2022. It is anticipated that updated fuel poverty figures based on the survey findings will become available in 2024.

I hope this information is useful.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Diane Mulligan', written in a cursive style.

Diane Mulligan

Departmental Assembly Liaison Officer
Private Office