

18th December 2008

Oliver McHugh
Fuel Poverty Strategy
Department of Social Development
Level 2, James House
2/4 Cromac Avenue
Gasworks Business Park
Ormeau Road
Belfast BT7 2JA

Dear Oliver

Re: Policy Review of the Warm Homes Scheme Public Consultation:

Thank you for providing firmus energy with this opportunity to respond to the above.

We have considered questions outlined in the paper and provided comment below:

(i) Do you agree with the continuation of the division of the scheme between insulation and heating measures?

firmus energy is supportive of the division of the scheme between insulation and heating measures. As well as this, given the cost and environmental benefits of natural gas, we would be keen to see a policy whereby only natural gas systems are installed, where gas is available. This policy is consistent with the NIHE policy in relation to the Room Heater Replacement and MEI programmes.

(ii) Do you agree that the removal of the age restriction on the heating element of the Scheme will better help target families with children and lone parents?

firmus energy supports the removal of the age restrictive given that fuel poverty impacts many householders, including the working fuel poor, as well as families with children and lone parents. Removing the age restriction will undoubtedly help to address some of the imbalance (in the form of age restriction) that exists within the current scheme.

Therefore, we support measures that would lead to DSD increasing funding for fuel poverty initiatives – especially to the Warms Homes Plus scheme, which has a proven record in delivering long-term, sustainable benefits to thousands of households across Northern Ireland.

(iii) Do you agree that opening the heating element of the scheme to the working fuel poor targets the scheme better at those in most need?

firmus energy supports extending the heating scheme to the working fuel poor. The latest NEA report indicates that 30% of the working fuel poor do not currently

qualify for any assistance. Therefore, this would be welcome, especially in the current recessionary climate.

(iv) Do you agree that it is more effective to remove those measures from the scheme as indicated so as to make better use of resources?

firmus energy has concerns about old inefficient oil heating systems continuing being repaired rather than taking a long term strategic approach whereby new high efficiency gas systems are installed, where gas is available. We feel that “patching up” old inefficient oil systems, that have few, if any, heating controls fails to take a pragmatic approach towards tackling fuel poverty.

(v) Do you agree that the Department should investigate renewable technologies where appropriate?

firmus energy supports the Department investigating renewable technologies. However, we would point out that many councils and businesses lobbied Government for many years to have access natural gas which would enable them to reduce their carbon footprint, allow businesses to remain competitive and to ensure the delivery of cost and environmental benefits to householders. Given that firmus energy is extending its gas network to new areas across the 10 towns, Government and policy makers need to be mindful that natural gas continues to offer immediate, long-term and sustainable financial / environmental benefits.

(vi) Do you agree that it is fair to target resources at applicants who are in receipt of an income-related benefit or Working Tax Credit?

firmus energy believes that it would be fair to target applicants on income related benefits, (as well as age criteria), given that income is one of major contributory factors leading to fuel poverty.

This is not to say that those who are in receipt of non-income related benefits are not adversely affected by the scourge that is fuel poverty. However, other schemes such as those delivered via the Energy Efficiency Levy tend to target these groups.

Summary:

Given that natural gas heating systems are significantly cheaper to install than oil systems, are up to 30% more energy efficient and offer a full range of flexible payment methods including pay-as-you go, we feel it would be strategically important to target vulnerable households for conversion to natural gas.

A policy of only offering gas central heating systems, where gas is available, will mean that more funds are available to do additional conversions for the same budget. This is particularly important given that in non-gas areas, particularly in rural communities, the only available solutions will be more expensive oil or biomass heating systems.

This would be consistent with the approach taken by the NIHE in undertaking its Heating Replacement Programme but is contrary to the current Warm Homes Scheme which makes provision for households who refuse a new gas heating system. In this case, an oil, Economy 7 or solid fuel heating system would be replaced at a premium, over a gas installation, of up to £1,000. We believe that this additional cost could be avoided and

existing funding could be better used to address fuel poverty in greater numbers of homes across Northern Ireland.

Should you wish to discuss any of the points raised here, please feel free to contact me.

Yours sincerely

Michael

Michael Scott
Business Development Manager