**PQ 27541/20**

**Supplementary Material**

**Question: To ask the Minister for the Environment; Climate and Communications the steps his Department is taking to ensure that electricity price reductions are passed on to customers.**

**Key messages**

* Although the War in Ukraine had a severe and immediate impact on energy prices due to the sudden volatility in the wholesale gas market, prices had been steadily rising since the beginning of 2021 due to the concentrated resumption of economic activity in the aftermath of Covid-19.
* Government has introduced a suite of measures over recent years to help households deal with the rising cost of electricity, including three Electricity Costs Emergency Benefit Schemes 2.2 million households have received €1250 in on bill support.
* This is in addition to one off increases to certain social welfare recipients such as those in receipt of the fuel allowance, pensioners, working families, carers, those living with disabilities and those in receipt of child benefit.
* Suppliers have announced a number of price reductions over the last number of months, however, it is likely, as reported by energy suppliers and internal IGEES Unit analysis, that prices will remain high for some time, due to supplier hedging.
* Officials from my Department correspond with the Commission for Regulation of Utilities and energy suppliers on an ongoing basis to track developments in retail and wholesale energy markets.

**List of supplementary questions**

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**Question 6: How is Government addressing the structural cause of higher energy costs?**

**Question 1: What has been achieved under the Energy Poverty Action Plan?**

* Headline achievements since December 2022 have included:
	+ Implementation of the Electricity Costs Emergency Benefit Scheme II, through which households received €600 (including VAT) between November 2022 and April 2023, and implementation of the Electricity Costs Emergency Benefit Scheme III, through which households have received €450 (including VAT) between December 2023 and April 2024.
	+ The first Electricity Costs Emergency Benefit Payment in April/May 2022 coincided with a sudden decrease of almost 95,000 customers in arrears. Electricity Costs Emergency Benefit Scheme II reduced arrears for over 115,000 households, particularly those with debts of less than €200.
	+ 2,445 retrofits completed through the Local Authority Retrofit programme
	+ Delivery of 5,897 free upgrades for energy poor homes under the Better Energy Warmer Homes Scheme
	+ Continued and improved consumer protections, including disconnection moratoria
	+ Establishment of the Energy Poverty Stakeholder Forum, with the inaugural Forum held on 7 July 2023, and the second Forum held on 24 June 2024.
	+ Provision of advice and guidance in relation to managing energy costs and identifying to Irish households through the Reduce Your Use public information campaign.
* These measures, along with the others introduced in the Plan, have helped to ensure that households have been supported in meeting their energy costs, empowered to reduce their energy consumption where possible and given an opportunity to have their voices heard throughout the policymaking process.

**Question 2: What is government doing to support households?**

* In Budget 2024, Government continued build on measures to provide support to households and businesses, being especially mindful of the fact that the rising cost of living hit hardest on those with lower incomes.
* Budget 2024 introduced a third Electricity Costs Emergency Benefit Scheme, which will see three payments of €150 (137.61 excl. VAT) made to over 2.2million domestic electricity accounts between December 2023 and April 2024, at a cost of just over €1 billion.
* The Government also provided for a suite of once off Social Welfare financial supports to assist people with the Cost of Living, to include:
	+ a once-off payment of €400 to Working Family Payment recipients in November 2023 at a cost of €18.4 million.
	+ a once-off payment of €400 to recipients of Disability Allowance, Blind Pension, Invalidity Pension and the Carer’s Support Grant in November 2023 at a cost of €137.6 million.
	+ a lump sum of €200 in November 2023 to recipients of the Living Alone Allowance at a cost of €47 million.
	+ a lump sum of €300 to all Fuel Allowance recipients in November 2023 at a cost of €122.7 million.
	+ a once-off payment of €100 for each child in respect of whom an Increase for a Qualified Child is in payment in November 2023 at a cost of €37 million.
	+ a double payment of Child Benefit in December 2023 at a cost of €178.8 million.
	+ a 100% Christmas Bonus in December 2023 at a cost of €326 million.
	+ A bonus payment in January 2024 at a cost of €342 million

**Question 3: Why are energy prices still so high?**

* Although the War in Ukraine had a severe and immediate impact on energy prices due to the sudden volatility in the wholesale gas market, prices had been steadily rising since the beginning of 2021 due to the concentrated resumption of economic activity in the aftermath of Covid-19.
* Retail prices are influenced by a range of factors, including wholesale prices and supplier hedging. In Ireland supplier hedging reduced the impact to final customers of higher wholesale energy prices, in advance of and during the Russian invasion of Ukraine. This meant a more gradual increase in prices was experienced by final customers in Ireland. This gradual increase has been mirrored by a slower decrease in retail prices as wholesale and future prices decline. Additionally, Ireland’s isolated island location, low levels of interconnection, widely dispersed low density population, and reliance on fossil fuels, are also important price determinants.
* Across winter 23/24 all major suppliers announced at least two rounds of price cuts, each in the region of 8-30%. As of May 2024, all announced reductions have been enacted on customer bills. The price reductions have had a significant impact on the overall retail energy market for electricity and gas, with significant drops in Estimated Annual Bills since their peak in December 2022. The Commission for Regulation of Utilities noted in a recent publication that the emerging trends of stability in wholesale markets mean that there may be room for further price reductions in the latter half of 2024.

**Question 4: What other supports are available to customers from suppliers and the Regulator?**

* The Regulator has an important role in terms of consumer protection.
* The winter moratorium for all billpay customers was extended to run from 1 December 2023 to 31 January 2024.
* The moratorium on disconnections for customers registered as being particularly vulnerable to winter disconnections is in place from 1 October 2023 until 31 March 2024.
* The CRU announced specific customer protection measures for winter 2023, to strengthen the existing protections in place.
* Some of the key measures that will remain in place are:
	+ Extended Debt Repayment Periods:
	+ Reduced Debt Burden on Pay-As-You-Go Top-Ups.
	+ Better Value for those on Financial Hardship Meters.
	+ Promotion of Vulnerable Customer Register: Suppliers are required to actively promote the vulnerable customer register and the protections it offers.  The register saw a significant increase in the number of registered vulnerable customers last year with the expectation that this trend will continue as further communications are issued.

* Registered vulnerable customers on the priority services register (i.e., customers who are critically dependent on electrically powered equipment) cannot be disconnected for non-payment of account at any time. It is important that people who are in such situations contact their energy supplier to register with them as a vulnerable customer.
* The CRU customer protections are complemented by the supplier led Energy Engage Code that provides a further level of security for domestic electricity and gas customers. . Under this code, **suppliers will not disconnect customers who engage with them and must provide every opportunity to customers to avoid disconnection.**
* Suppliers have additional customers supports in place, including hardship funds.
* MABS also work with energy suppliers to support customers to access their hardship funds and they also advocate for people to support them to access assistance through the Department of Social Protection.
* ALONE provides support to people through energy support coordinator, funded by DECC. The energy support coordinator provides information and assistance to people struggling with energy bills, and refers people to energy suppliers for hardship funds.

**Question 5: What measures are being taken to ensure surplus renewable energy is not wasted?**

* The Climate Action Plan recognizes that a range of cross-government policies are needed to transform our electricity system, so that it can become more flexible and successfully accommodate an ever-increasing volume of renewable energy sources, that are widely distributed across our island.
* The "Dispatch-down" of renewable energy refers to renewable energy that is available to the grid but must be reduced, as it cannot be used by the electricity system. This can be due to broad power system limitations, known as curtailments, local network limitations, known as constraints, or energy supply exceeding consumer demand. Dispatch-down is unfortunate and both EirGrid and ESBN are addressing the grid limitations that cause it through various measures under their strategic roadmaps. Dispatch-down can also be minimised by the adoption of demand-side response measures, and greater levels of interconnection and storage.
* We also recognize that Ireland’s citizens and communities can play a central role in our new energy future, through flexibly managing their energy use in response to the level of renewable energy available. By doing so, they can not only support the electricity grid but also lower their own energy bills and reduce their carbon footprint. The Energy Security Package recognises this and commits Government to improving the ways that homes and businesses manage their energy use by providing an evidence-based programme of communications and supporting ‘active consumers’ through smart metering, smart energy services and related technologies. These services will enable consumers, including those in energy poverty, to flexibly adjust their demand in response to market signals and the changing level of renewable energy available.
* Furthermore, a consultation to inform the development of a revised Energy Poverty Action Plan was published on gov.ie in March 2024. The submissions to this consultation are being considered by the Energy Poverty Steering Group. The revised Plan will set out a wide range of clear, timebound actions aimed at tackling energy poverty with appropriate governance and evaluation, and will consider the use of smart technologies, such as those used by EnergyCloud and other Smart Energy technology and service providers, to benefit energy poor households and other vulnerable citizens.

**Question 6: How is Government addressing the structural causes of higher energy costs?**

* The Government is working at speed to roll out more renewable energy infrastructure (onshore and offshore wind and solar). This is already helping to bring down the cost of electricity and is the long-term solution to high energy bills. In addition, the Government is making it easier for people to improve their energy efficiency and produce their own energy, with a range of grants to install solar PV on homes, businesses and farms.
* Budget 2024 included record funding of €380 million for SEAI residential and community energy upgrades, including the Solar PV (photovoltaic) Scheme — this is a €24 million increase on last year and means that more funding than ever will be available to make homes warmer, more comfortable and less expensive to heat.
* This will be supplemented by additional funding from the European Regional Development Fund (ERDF) to support next year’s programme of energy upgrades for households at risk of energy poverty. The government’s decision in May of this year to apply a 0% VAT rate boosted the installation of domestic solar panels across the country, with over 21,000 households receiving grant support to install solar PV in 2023.
* Solar PV installations are further supported by the Clean Export Guarantee, through which micro and small-scale generators receive payment from their electricity supplier for any excess renewable electricity they export to the grid, reflective of market value.