

Energy efficiency for vulnerable households

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Brotherhood
of St Laurence

Working for an Australia free of poverty

Today

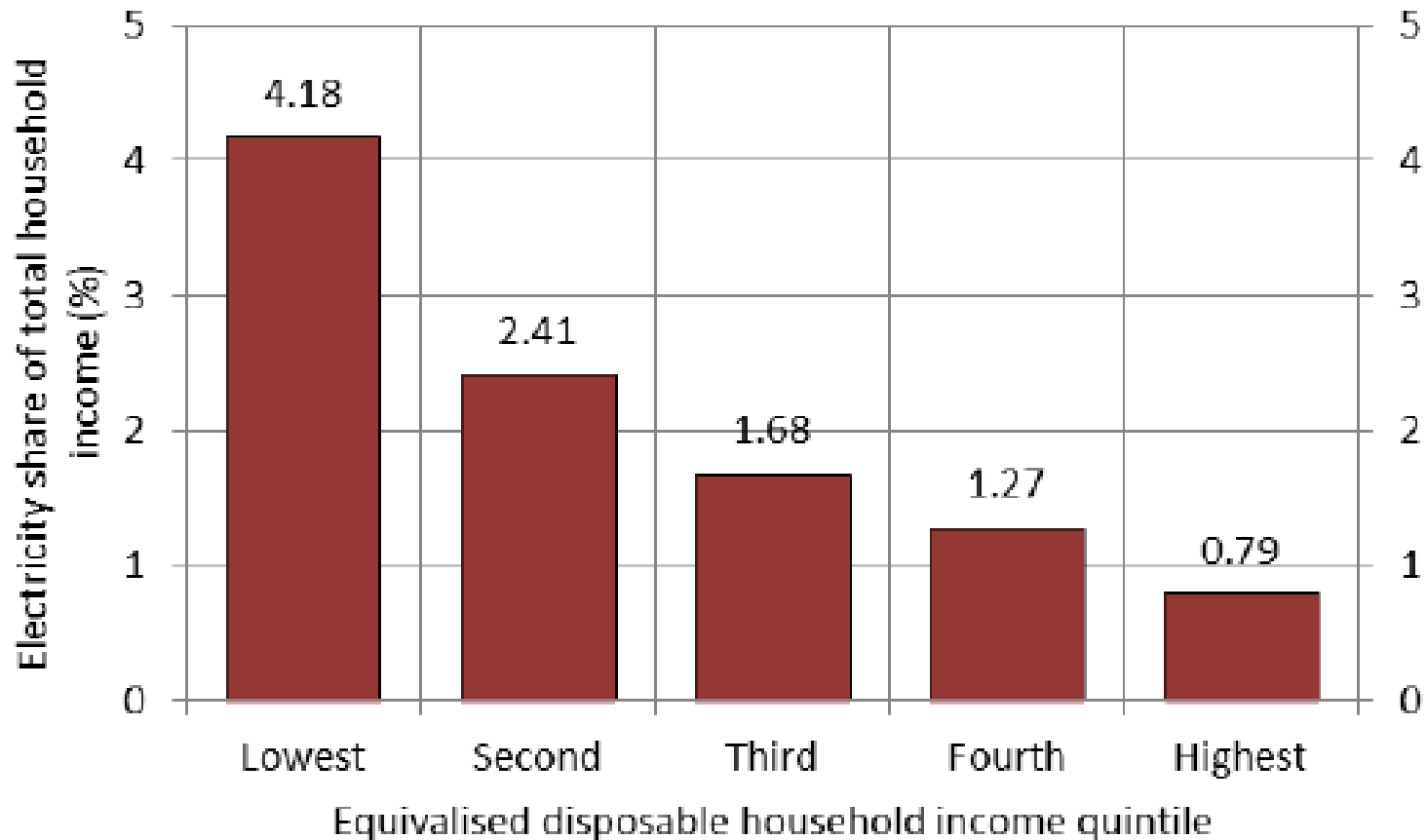
1. Why energy efficiency support is needed
2. Some priority groups
3. Home energy efficiency upgrade program
4. Key lessons



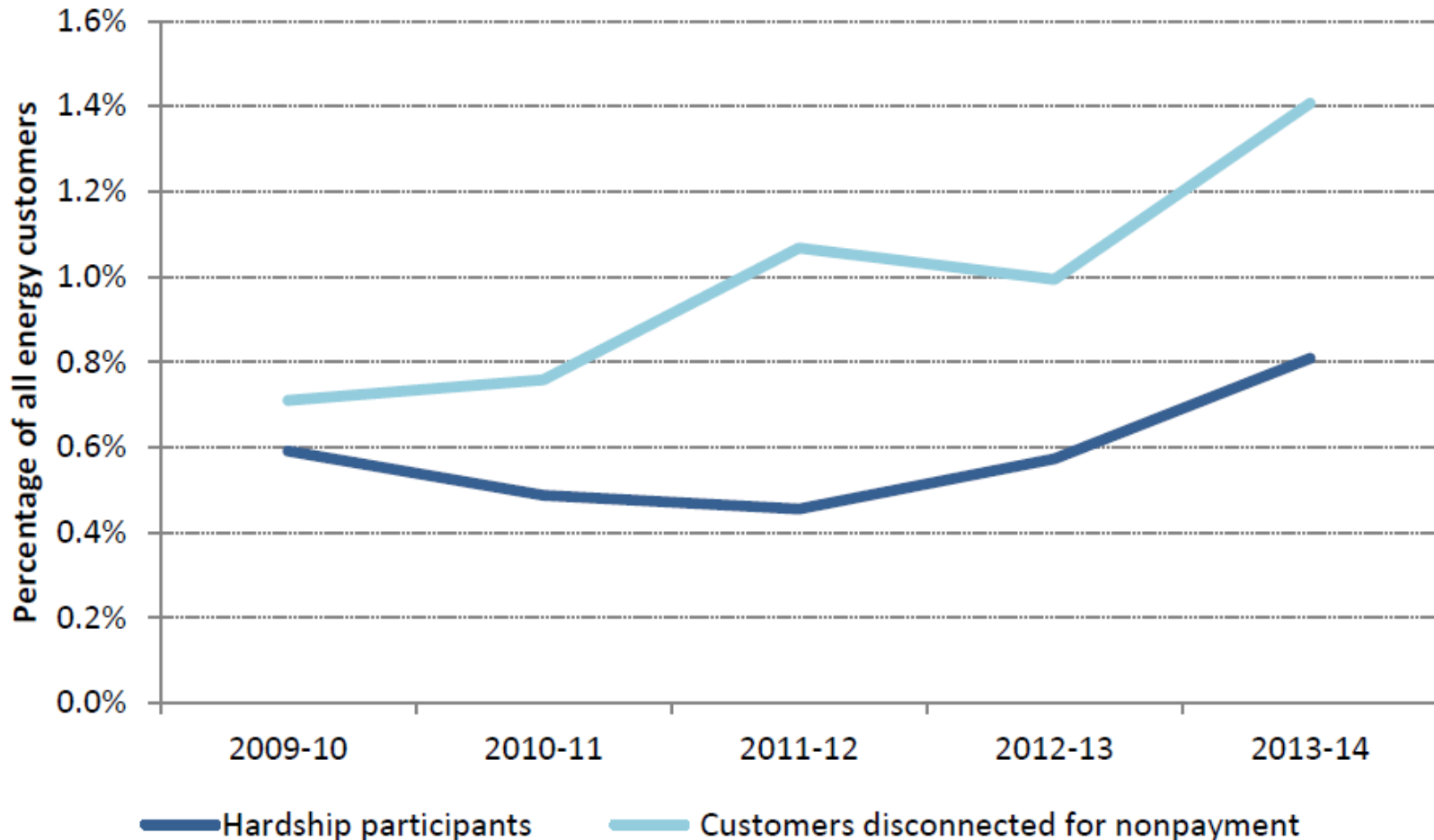


Why energy efficiency support is needed

Lower income households spend more of their income



Energy related hardship is increasing – Disconnections for non-payment Victoria



Inefficient homes

- Result in higher than necessary energy expenditure
- Decrease energy affordability
- Often uncomfortable
- Associated with health issues
 - heating, insulation – asthma and respiratory issues
 - resilience to heatwaves?

Low income households face magnified barriers to energy efficiency upgrades



Some priority groups

Who is in fuel poverty / energy hardship

- Azpitarte, Johnson and Sullivan (forthcoming)
- Fuel poverty defined as households who:
 - have **high energy expenditure relative to income** (particularly those on low incomes)
 - **can't heat or cool their homes**
 - **can't pay their energy bills**
- Very limited cross over between groups
- Interventions need to address the different groups



Priorities for support

People in fuel poverty including:

- Living with a **disability** or with **medical special needs**
- **Single parents** and **single person** households
- **Renters**

People in more complex situations / multiple disadvantage

- Energy and other forms of hardship / social issues eg. domestic violence (CUAC 2014), mental health issues



Home energy efficiency upgrade program



The Problem

- ~ 20% of household energy use
- expensive item: \$1400 to \$6,500
- big savings of total energy use
- barriers to purchase
 - complex decision
 - capital, information & trust
 - renters
- like for like replacements
 - with locked-in inefficiencies



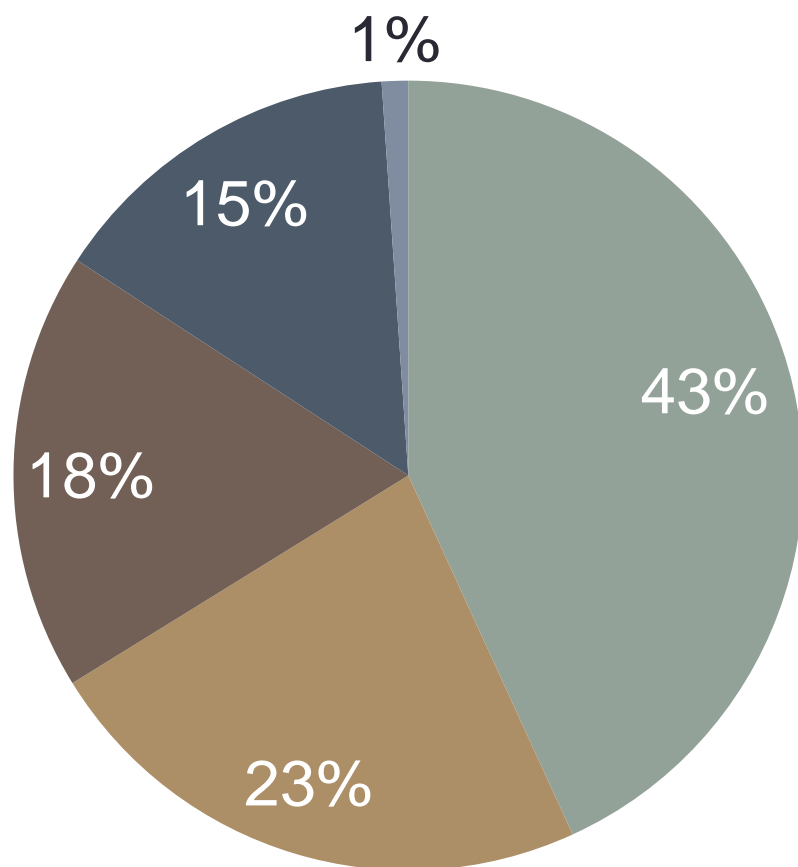
Our solution



- We:
 - provide information about upgrade costs and choices
 - address the upfront cost
 - subsidy
 - microfinance loan (NILS)
 - encourage substantial participant contribution

Hot water systems installed

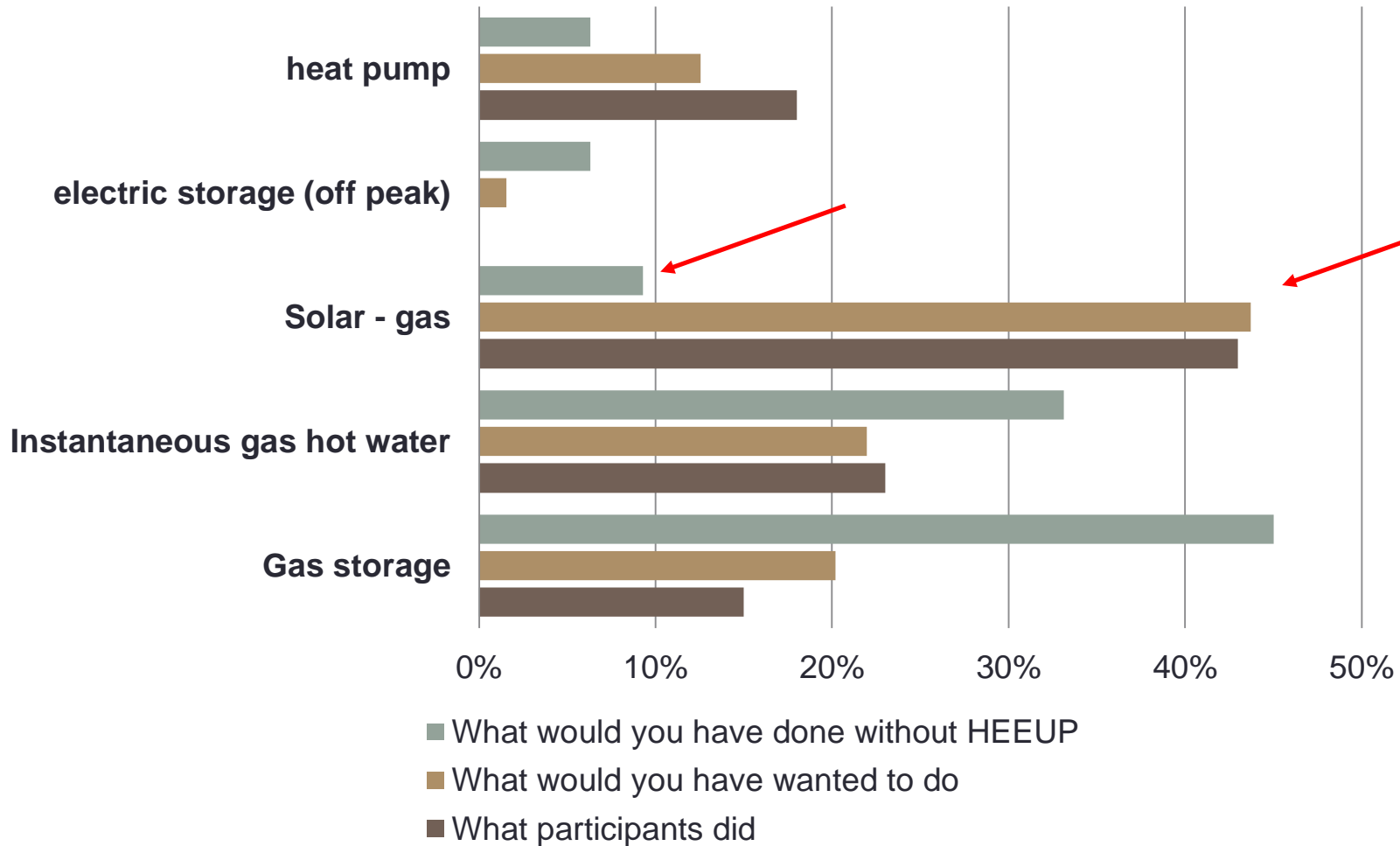
- Over 500 installations



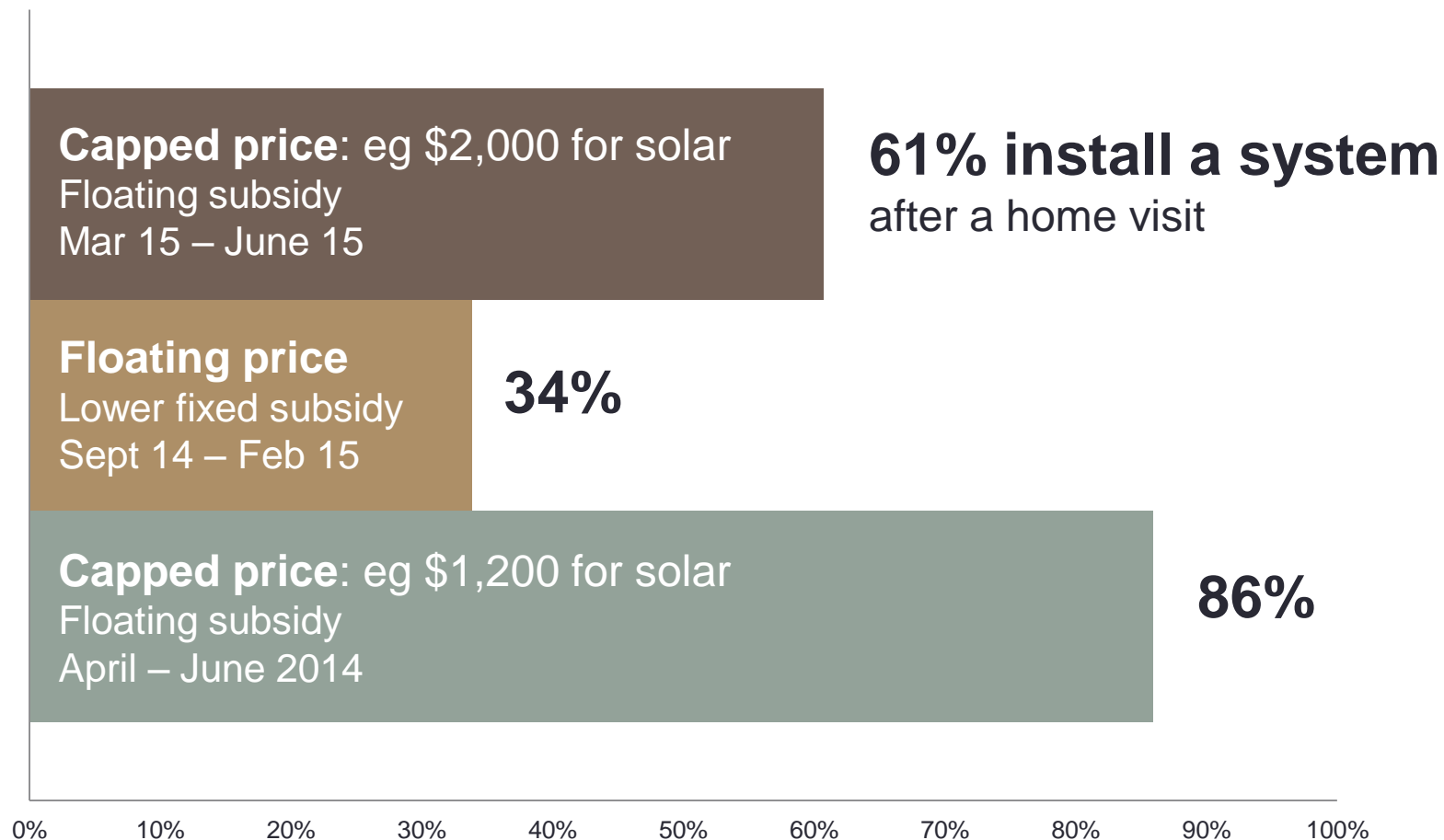
Over 60% were either solar or heat-pump

- Solar gas
- Instant gas
- Heat Pump
- Gas storage
- Solar electric

We are changing purchasing decisions



What level of subsidy works?



Financing and cost to householders

- Combine
 - BSL HEEUP subsidy
 - Existing subsidies such as Small scale technology certificates (STCs)
- Around 50% utilised a No Interest Loan (NILS)
 - Modified – maximum \$2,000
- Around 50% pay up-front



Community housing

- Enthusiastic
- Economies of scale
- Benefits of single point of contact for multiple dwellings
- Savings remain with low income tenants



HEEUP lessons

- **Low income home owners will change their purchasing decisions if:**
 - total cost is less than \$2,000
 - trusted low interest loan is available
- **Community housing works**
- **Emergency replacements can be incorporated**
 - issues with solar and heat pumps due to time restrictions on installations
- **Small number of households have no hot water at all**
- **Independent, in-home advice is valuable**
 - But not everyone needs it





Ensure intervention matches the problem

Multi-pronged approach

- Improve standards
 - Rental properties
 - New Homes
- Facilitate finance
- Raise public awareness
- Deliver targeted programs



Summary

- Multiple benefits from energy efficiency
- Government support is needed to unlock the savings
- Multifaceted approach is needed
 - Minimum standards
 - Address the different issues using different approaches
 - High cost high return (with financing) and complex needs
- Greater support should be provided to those most in need
 - Priority - fuel poverty / energy hardship
- Enable people to respond themselves
 - If they know what they want to do, and also
 - Provide tailored information and support for those who need it



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