



## Energy poverty and deprivation in Ireland

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# Energy poverty and deprivation

## Expenditure-based methods

- 10 per cent share of disposable income

## Self-reported metrics

- e.g. “Have you had trouble heating your home”

**What can we learn from comparing the incidence of energy poverty and the incidence of energy deprivation?**

## Two pieces of insight

**To what extent are some energy poverty statistics driven by:**

- Insufficient heat in the home
- Burdensome non-heat expenditure

# Two pieces of insight

## Which households respond by

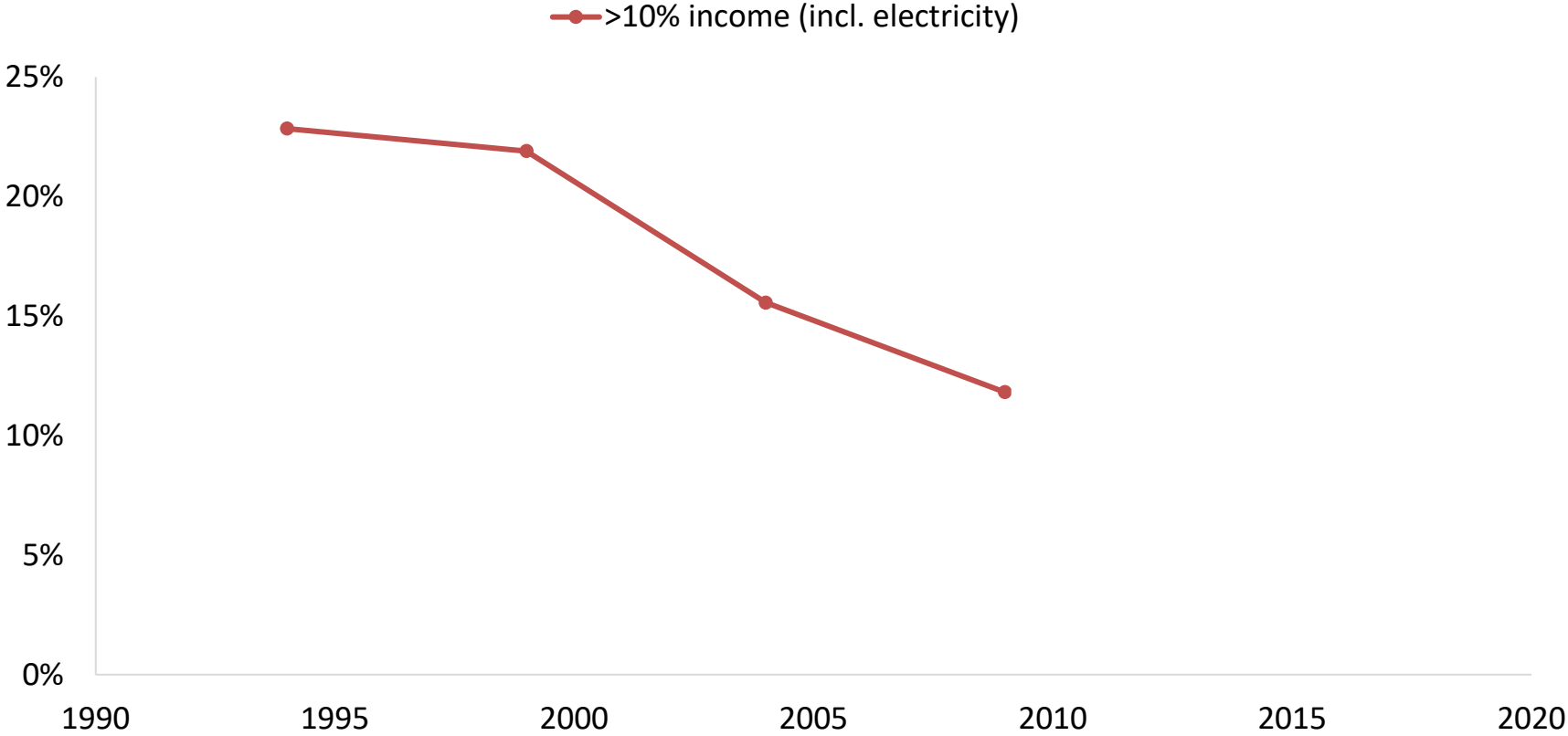
- Cutting back their energy expenditure - “energy poverty”
- Incurring more burdensome expenditures - “energy deprivation”



# Headline trends for energy poverty and deprivation



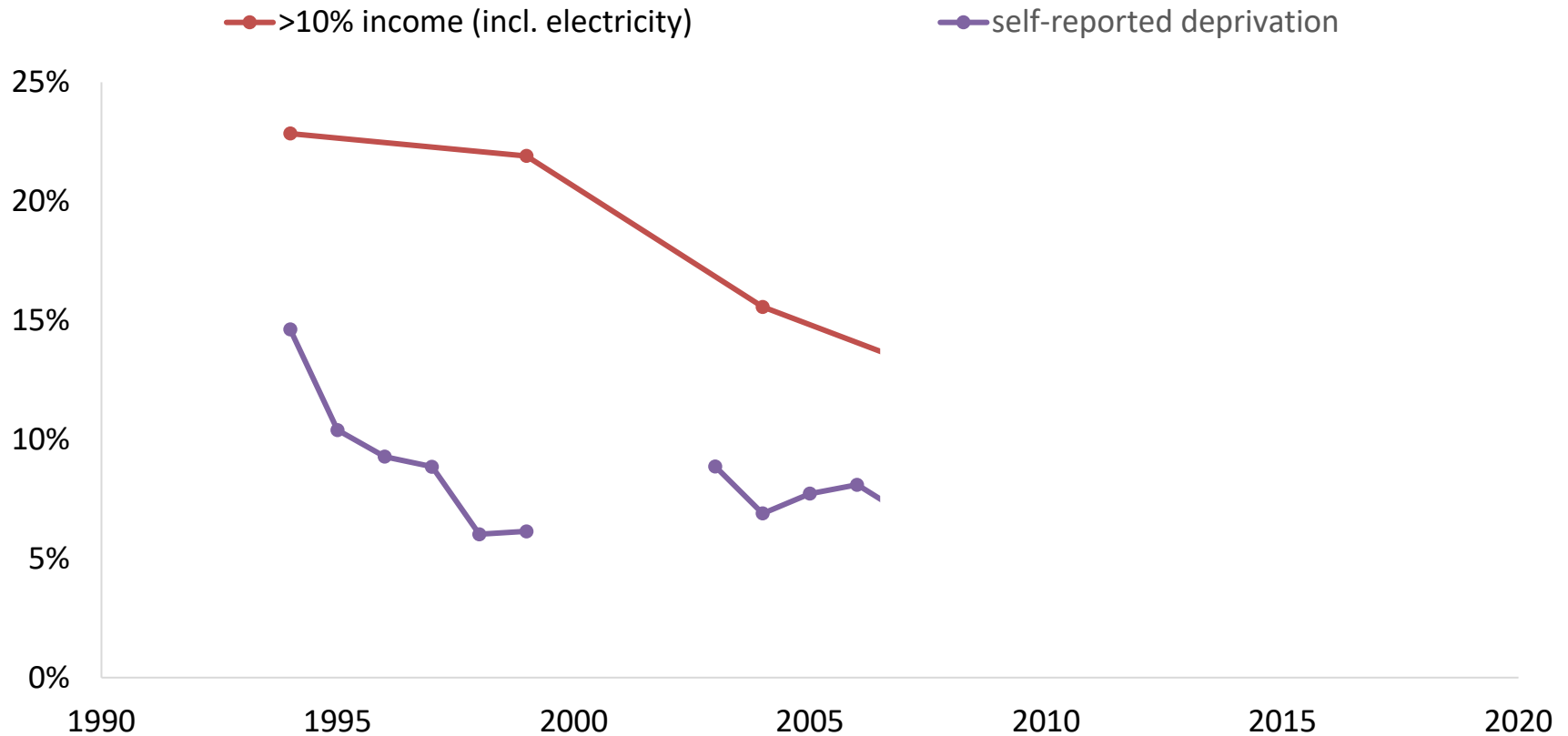
# Headline rates of energy poverty and deprivation



Source: Authors' calculations using the Household Budget Survey, Living in Ireland Survey, and Survey of Income and Living Conditions.



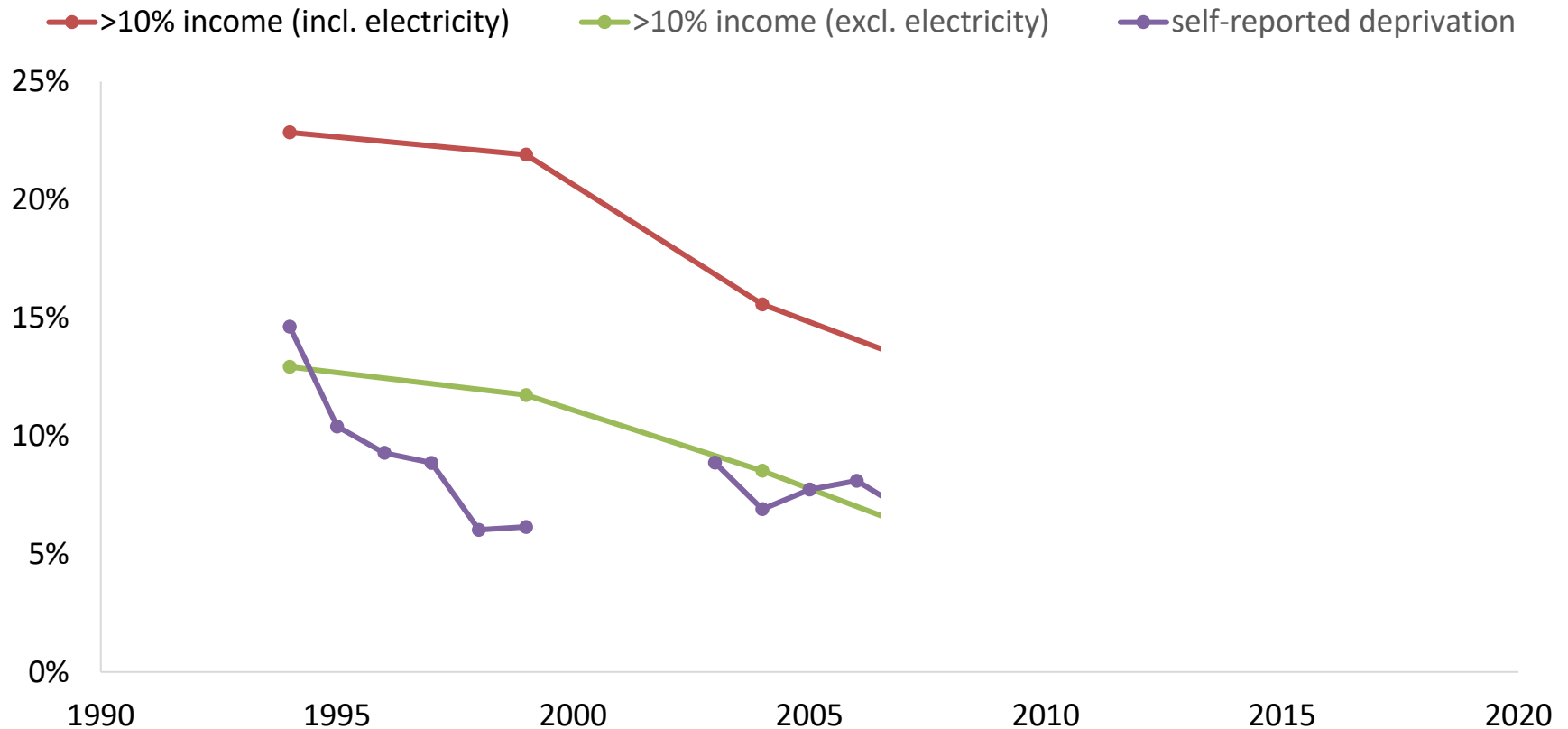
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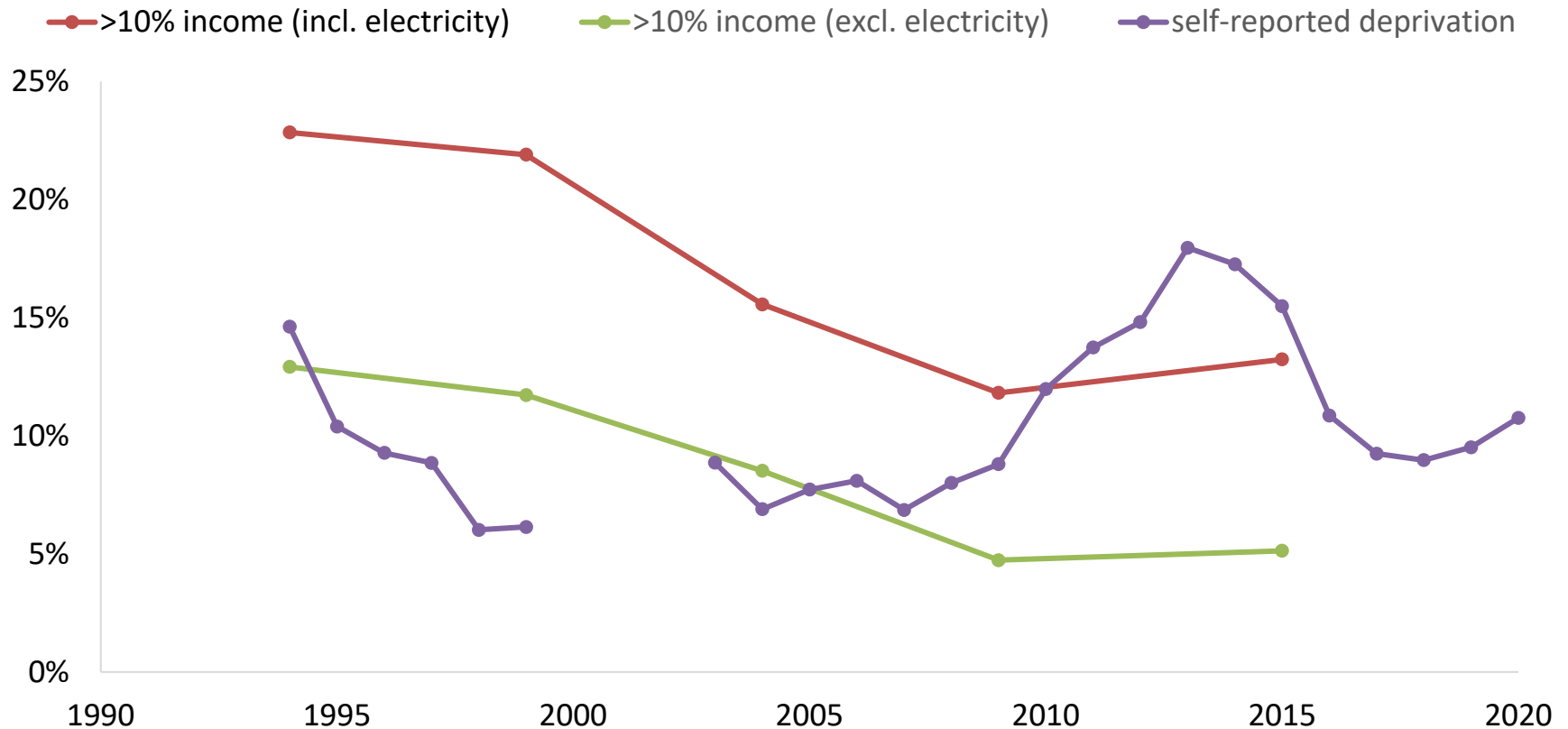
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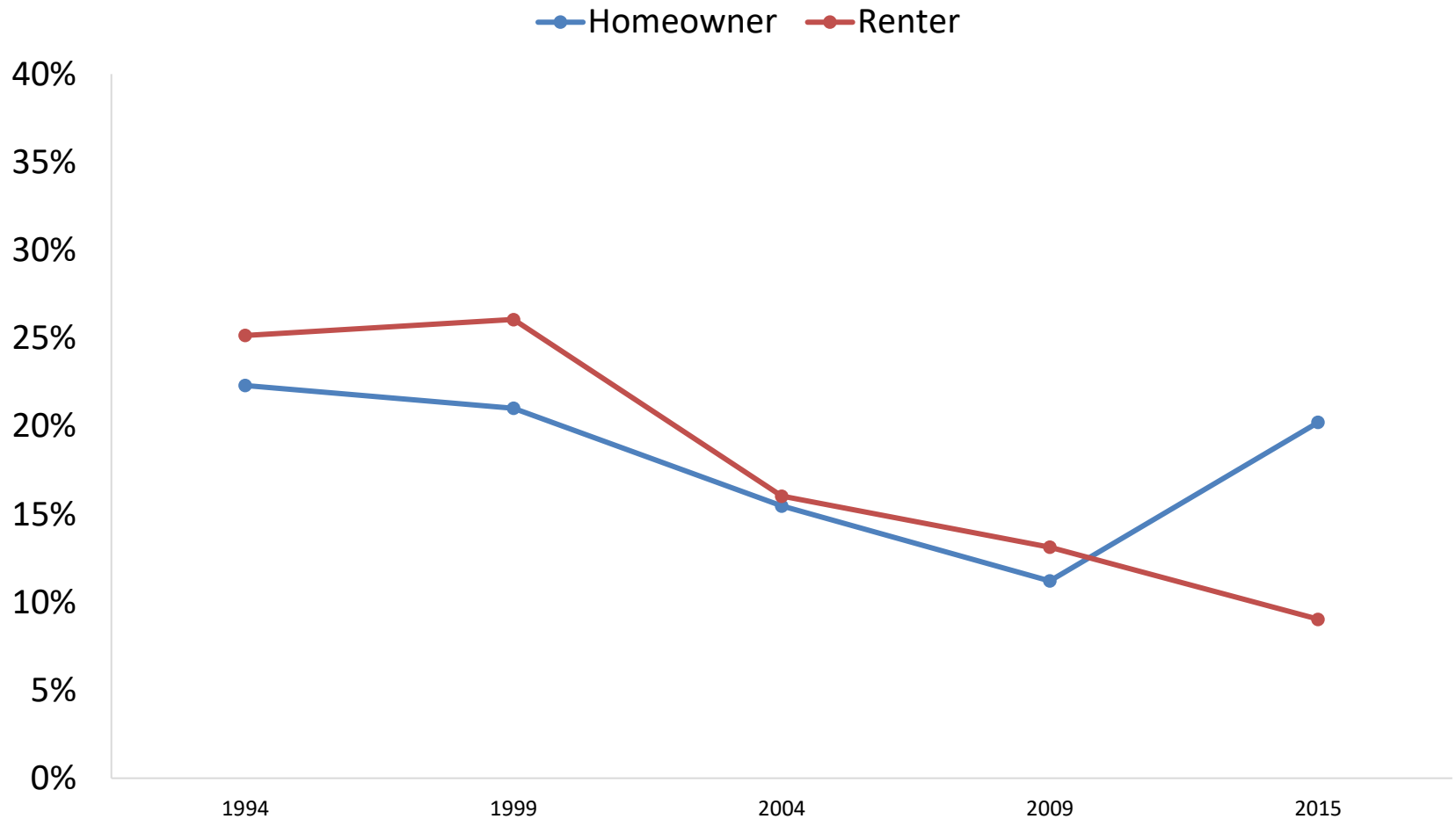
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# Rates of energy deprivation and poverty by socioeconomic group

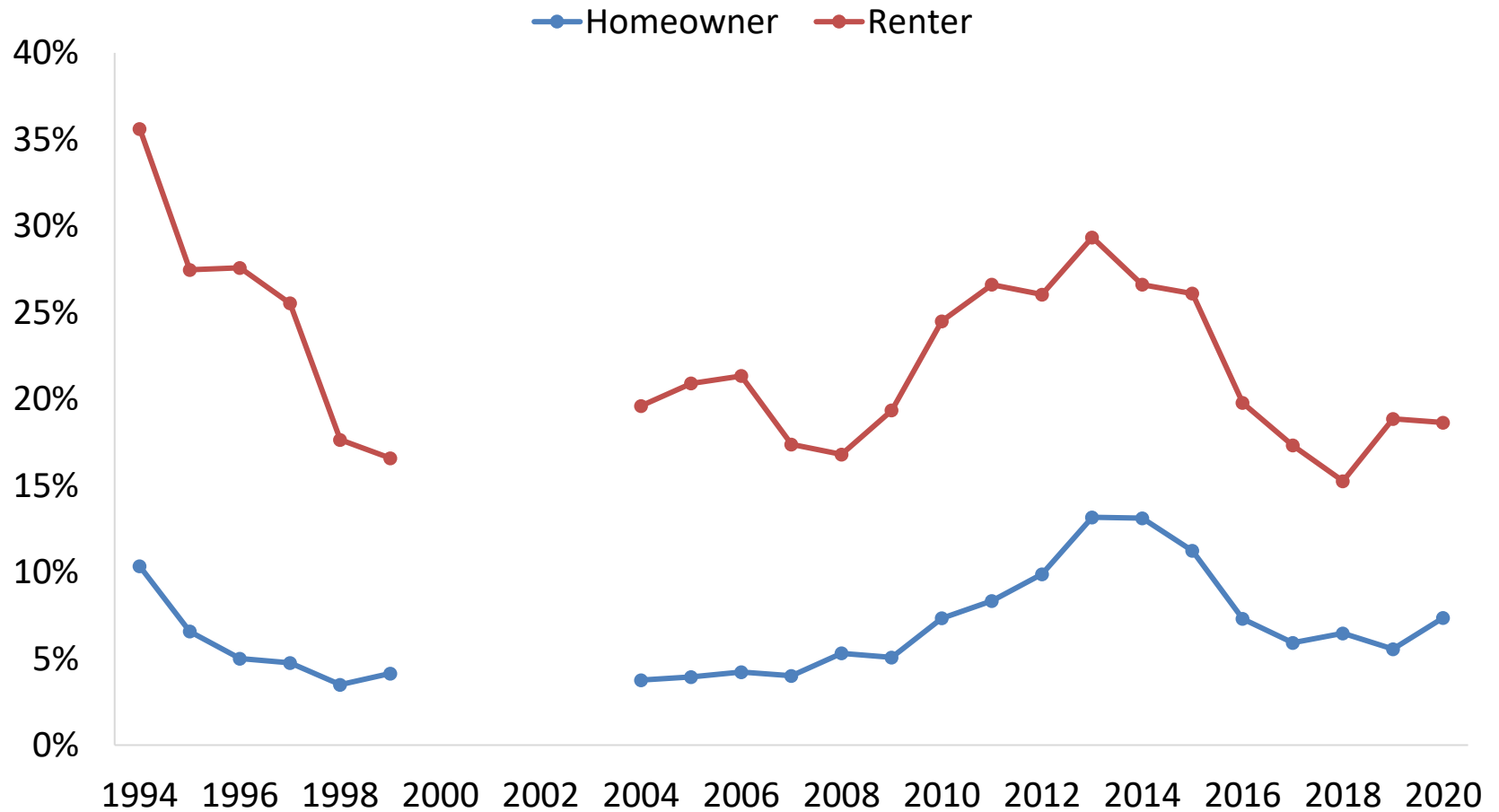


# Rates of energy poverty by household tenure



Source: Authors' calculations using the Household Budget Survey, Living in Ireland Survey, and Survey of Income and Living Conditions.

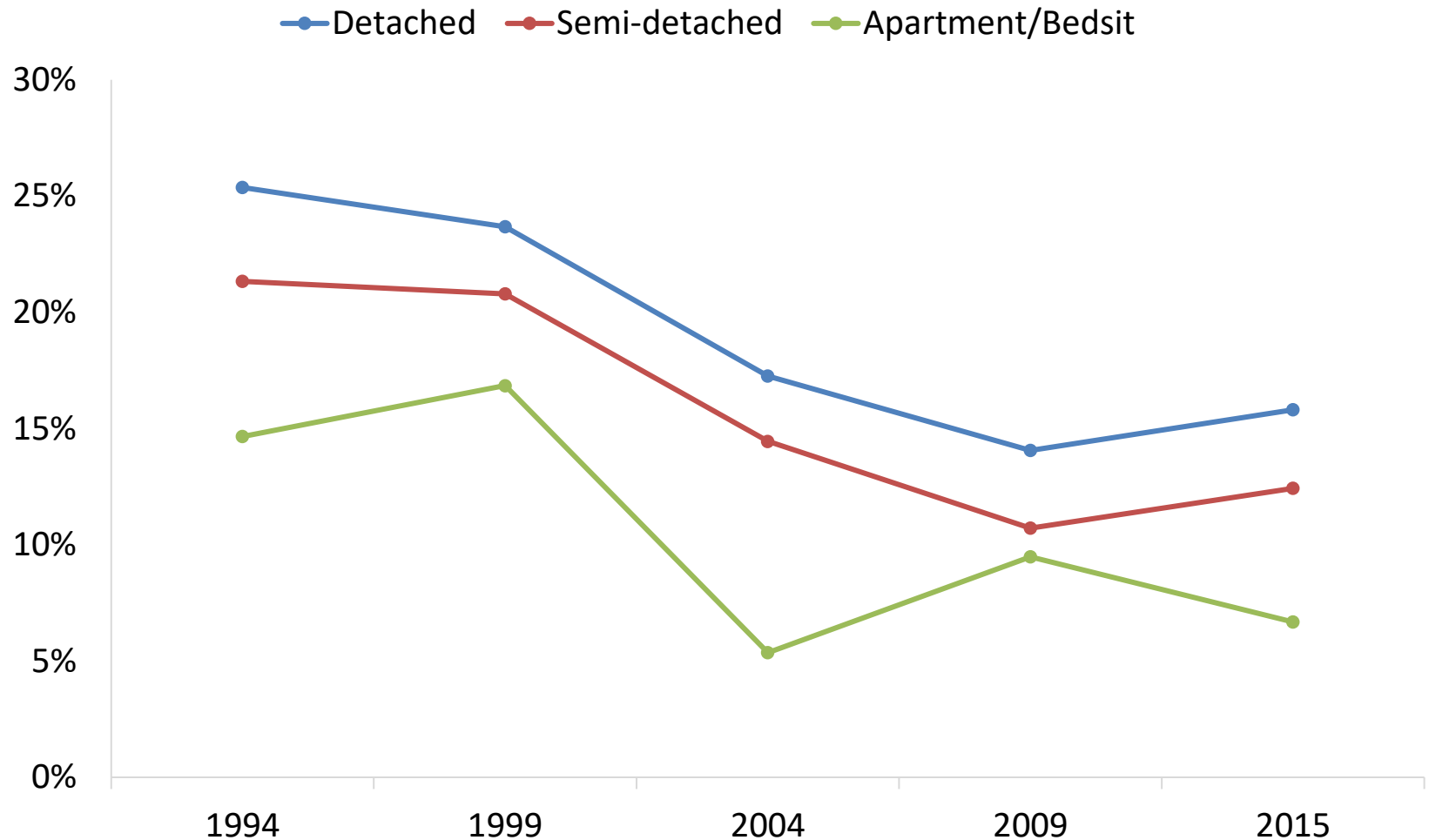
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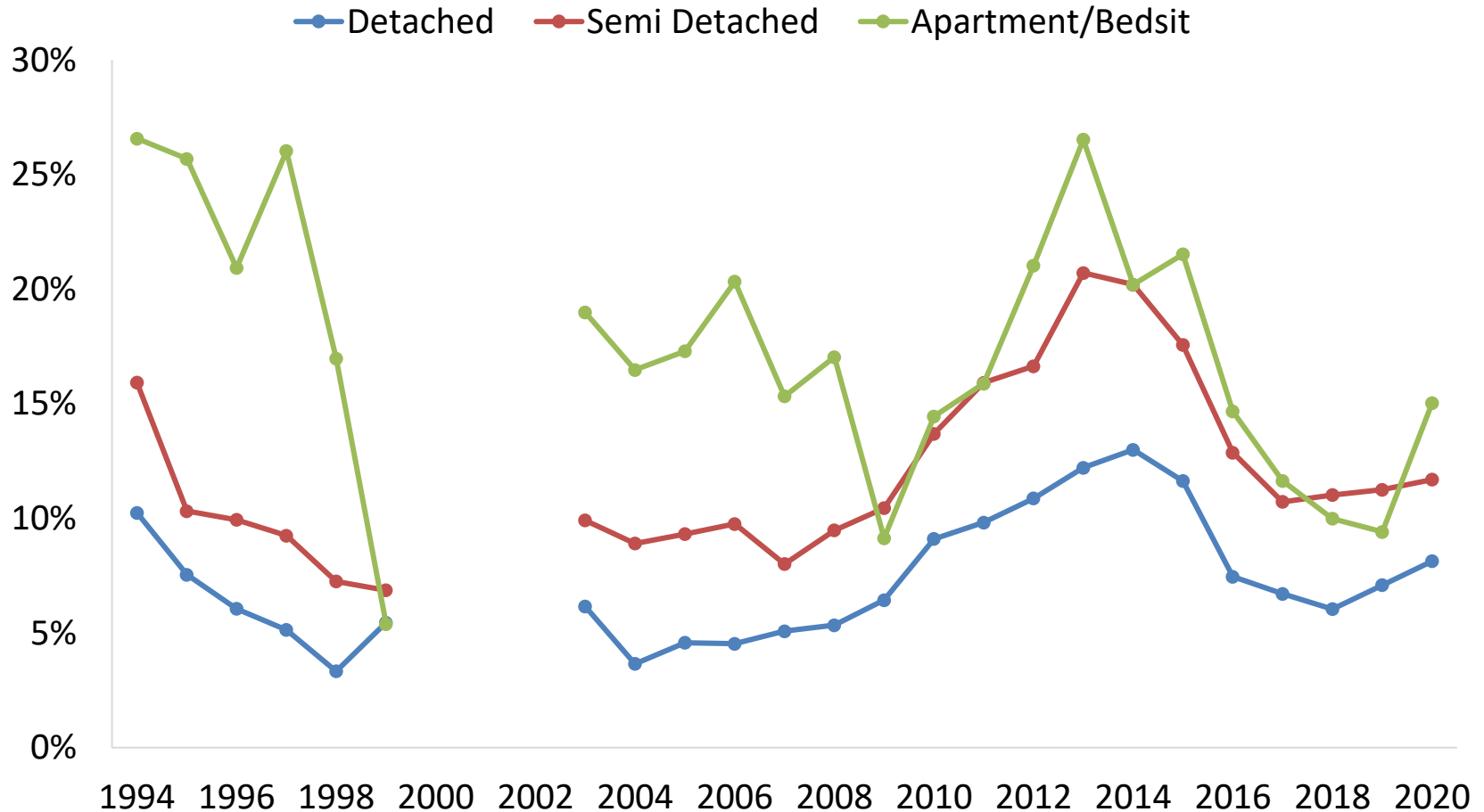
# Rates of energy poverty by dwelling type



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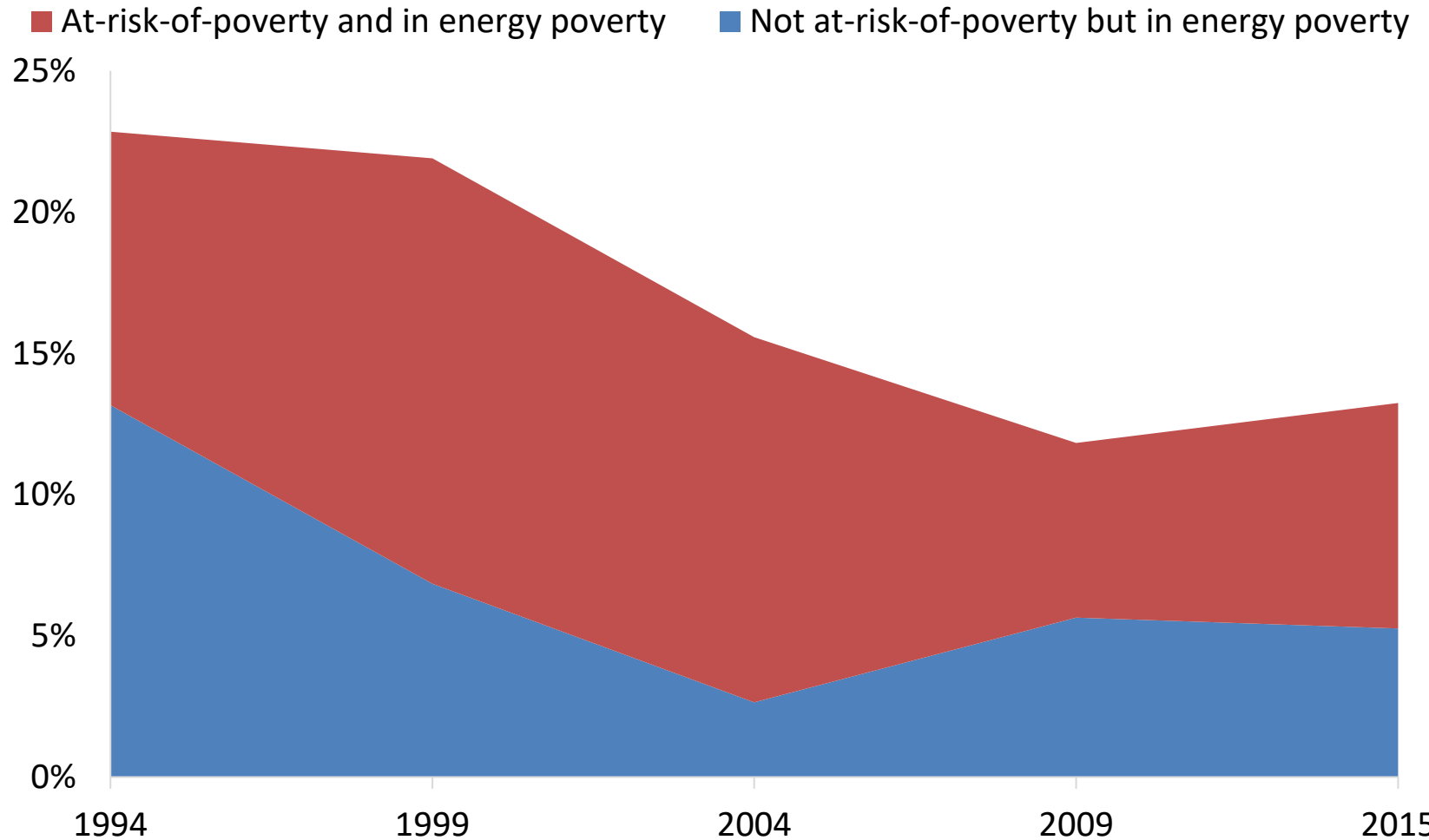
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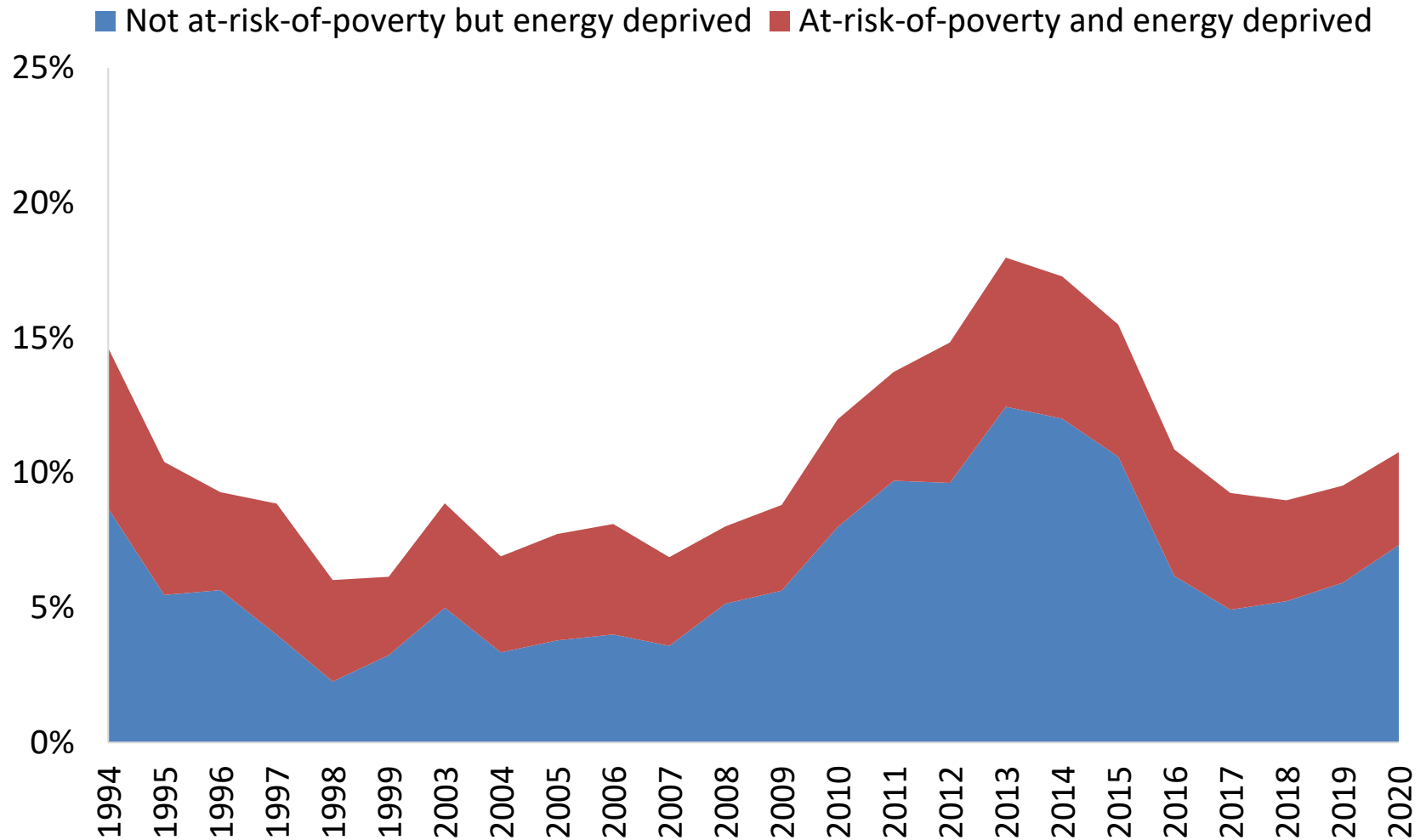
# Decomposition of energy poverty by at-risk-of-poverty status



Source: Authors' calculations using the Household Budget Survey, Living in Ireland Survey, and Survey of Income and Living Conditions.



# Decomposition of energy deprivation by at-risk-of-poverty status

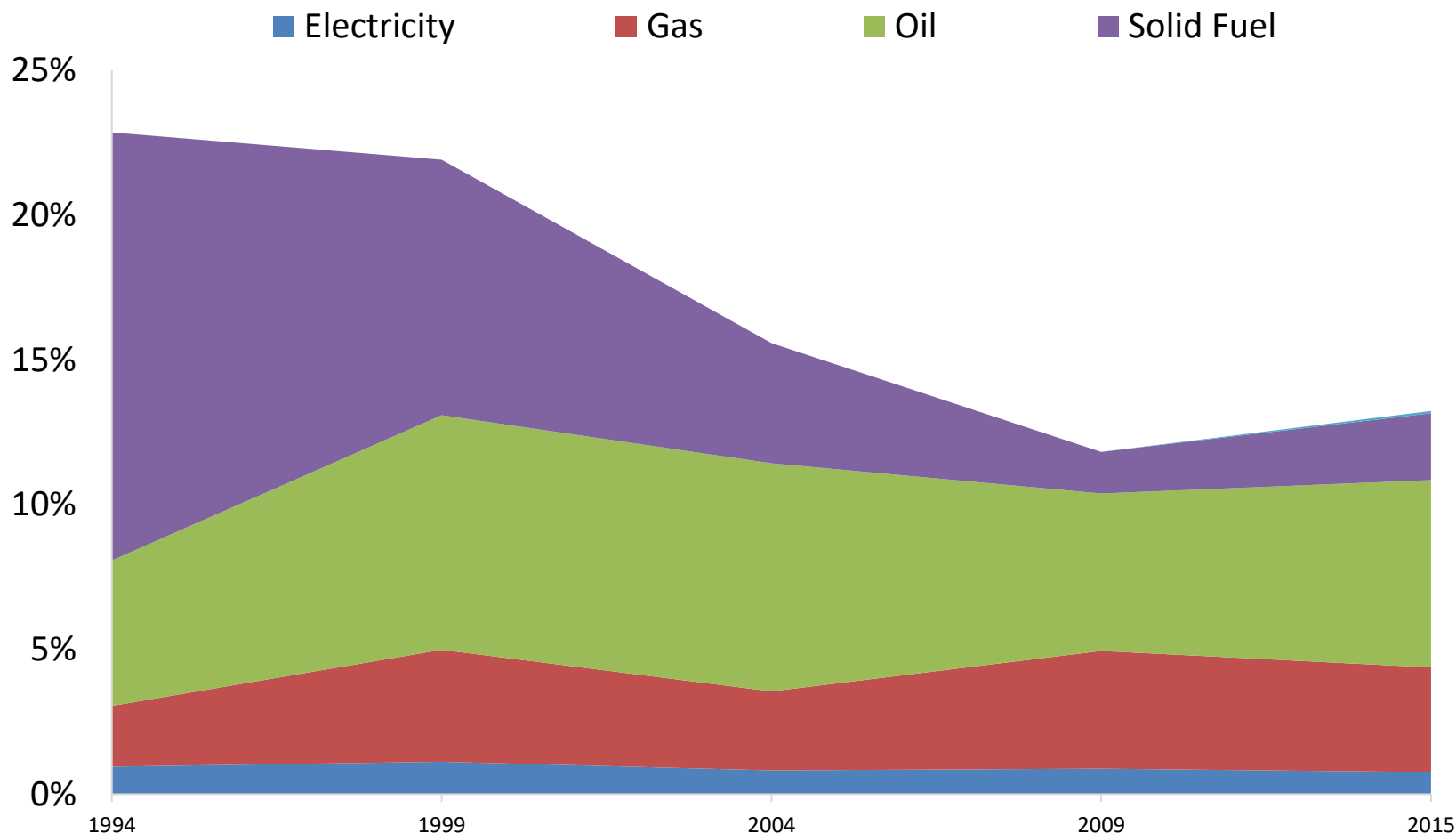


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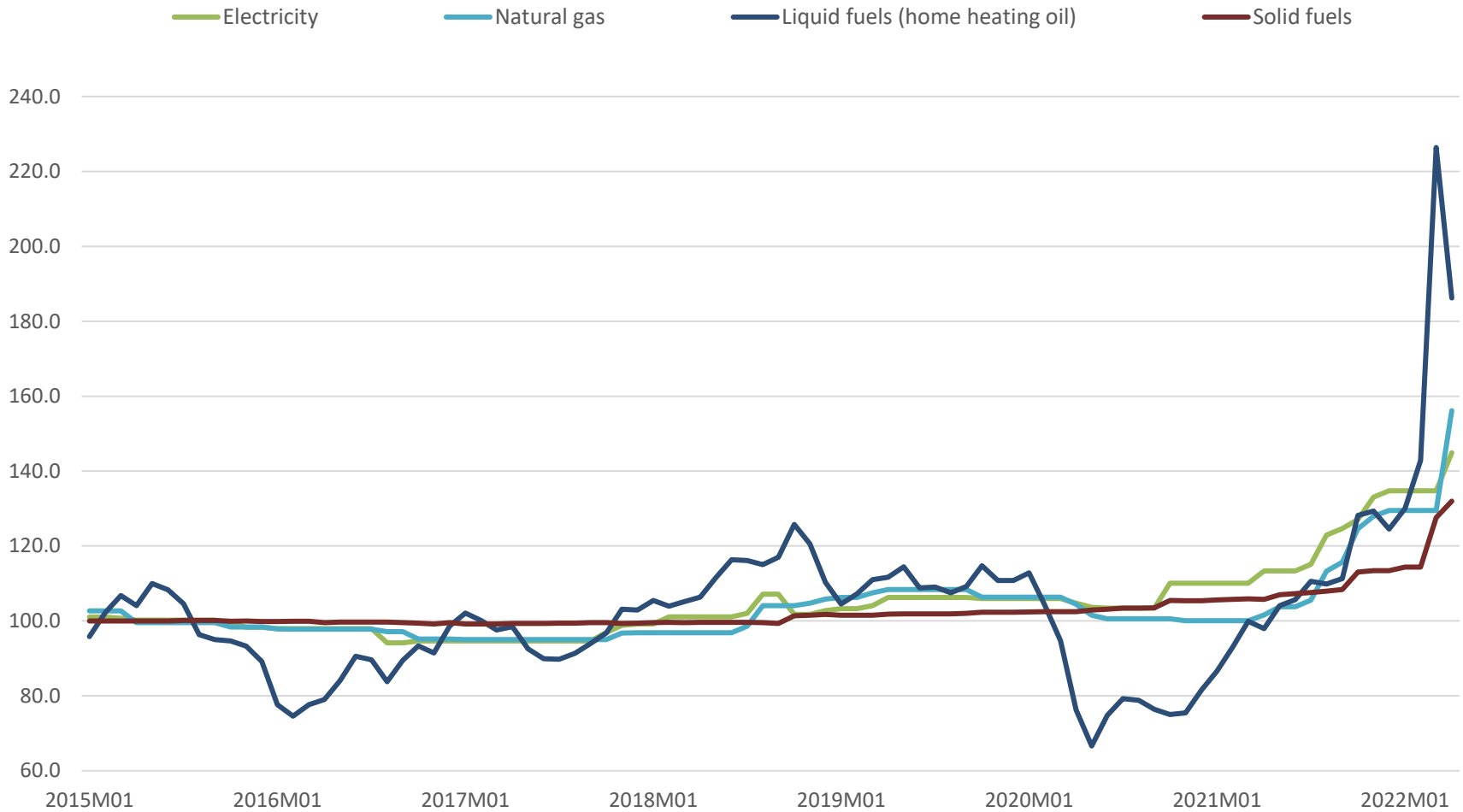
# Decomposition of energy poverty by fuel type



Source: Authors' calculations using the Household Budget Survey, Living in Ireland Survey, and Survey of Income and Living Conditions.



# Fuel prices have risen considerably since 2021



Note: Authors' calculations using CSO Table CPM16, indexed to average value in 2015.

# Examine impact of these & future energy price increases

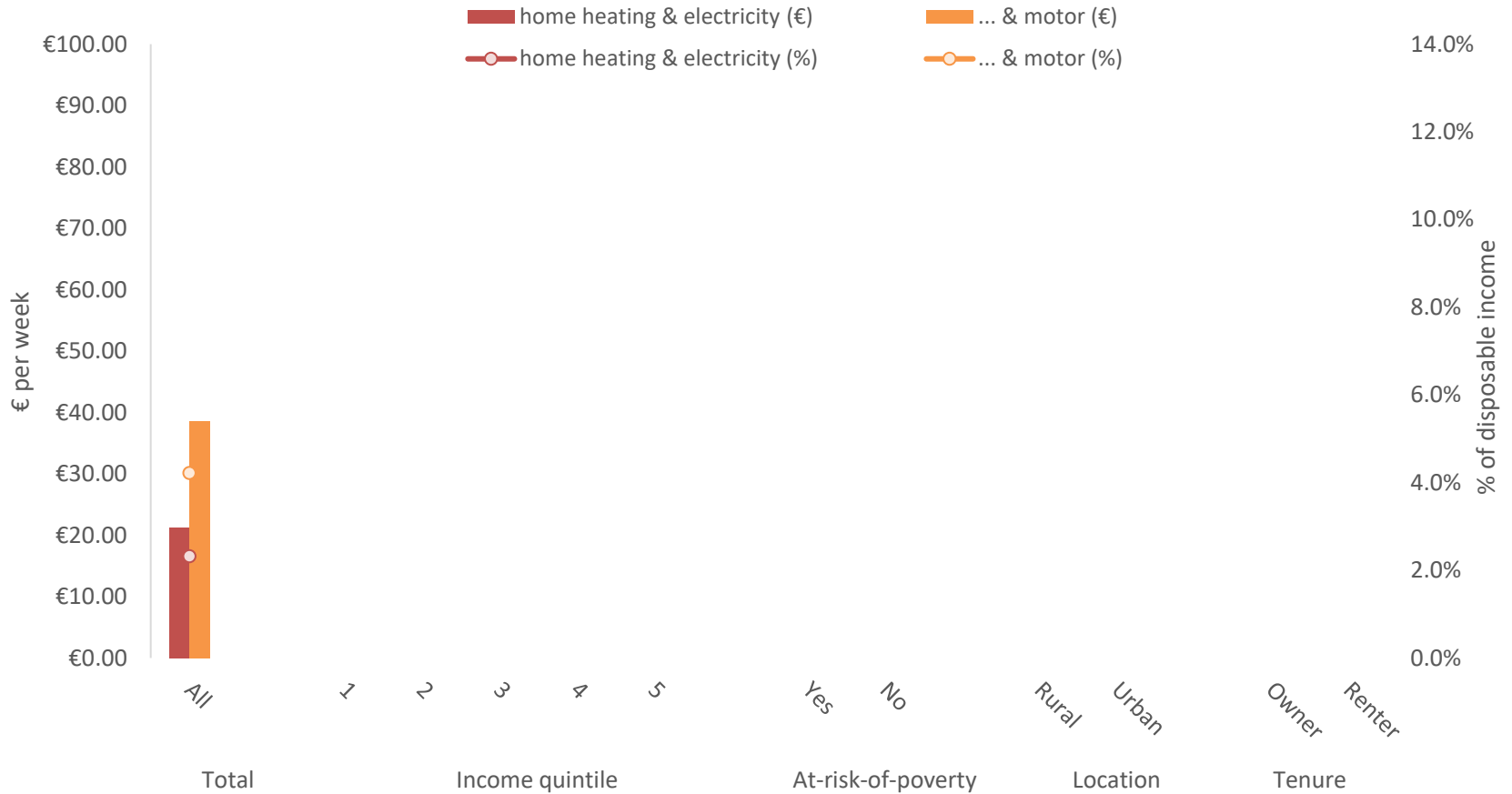
## Simulate these impacts using SWITCH (ESRI model)

- Run model on SILC data updated to 2022 terms
- Allows us to investigate the impact of recent & future price increases on households accounting for changes in income

## Look at two sets of price increases

- Recent: increase from January 2021 to April 2022
- Potential future: 25% additional increase

# Lowest income HH most affected by recent inflation



Sources: Authors' calculations using eSWITCH version 4.6 run on 2019 SILC data updated to 2022 terms.  
 Note: Deciles constructed equivalising income using modified OECD equivalence scale. Spending imputed using approach detailed in Appendix; the energy CPI sub-indices from January 2021 and April 2022 are used to simulate the price rise.

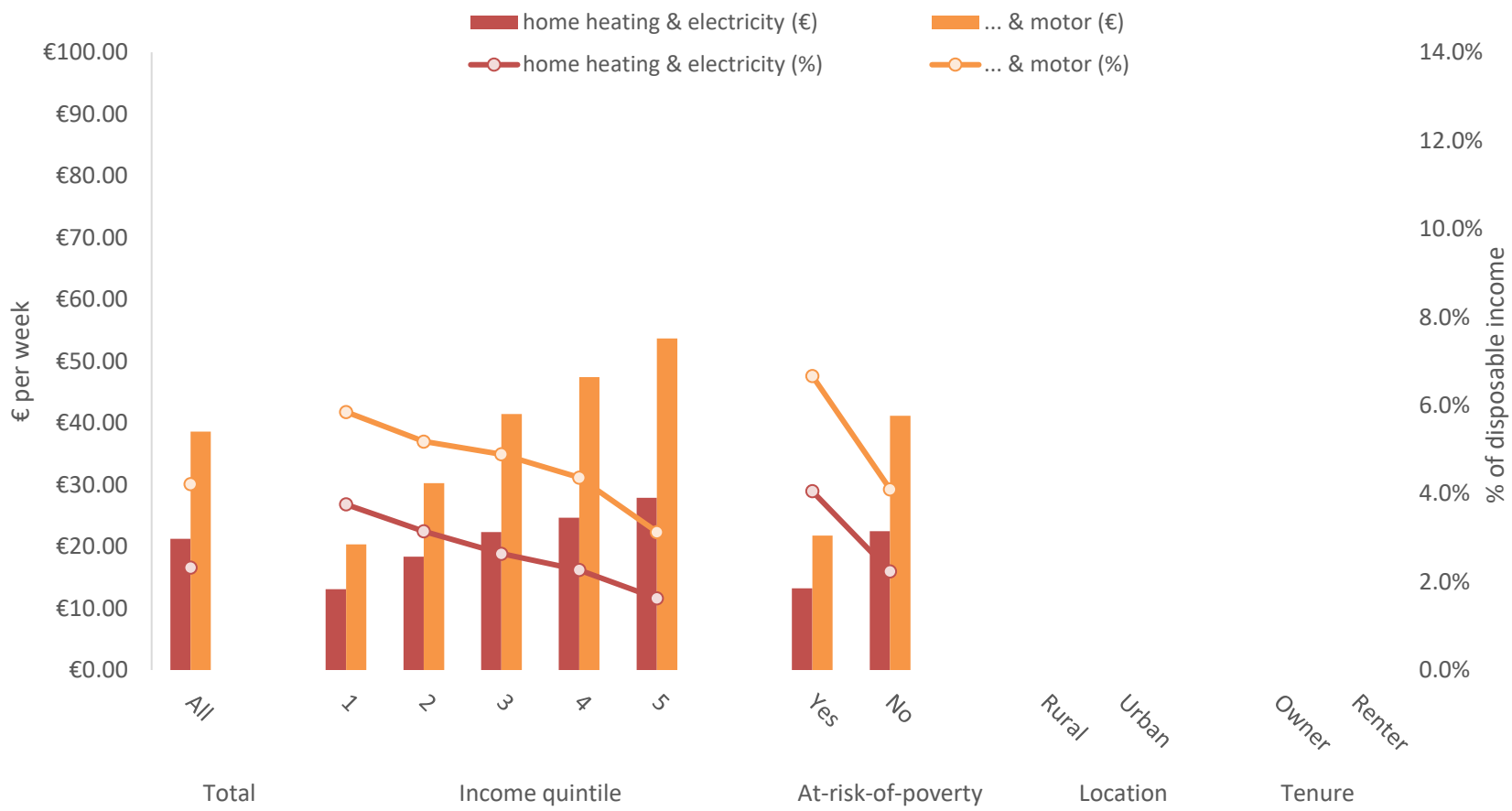
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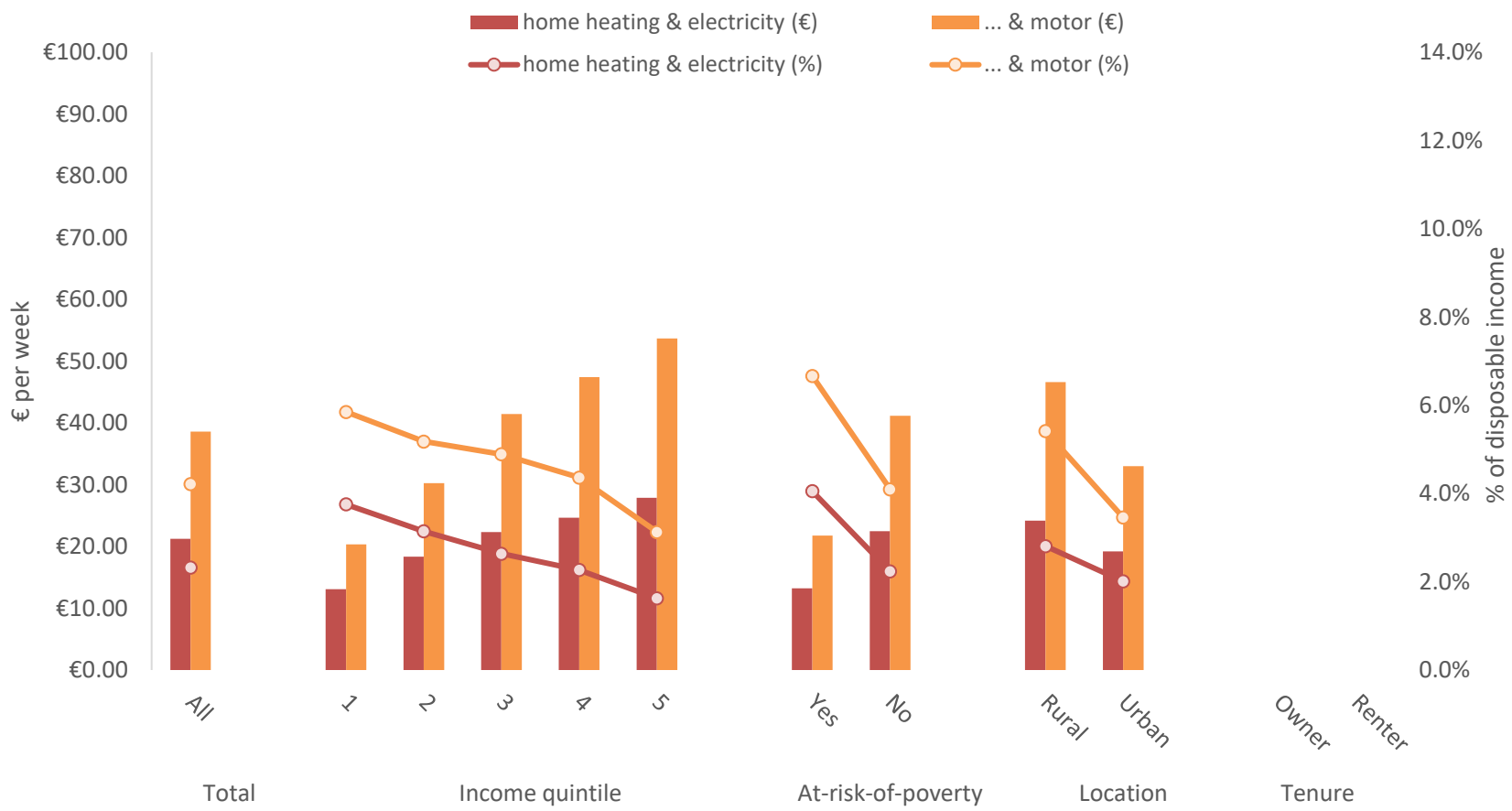
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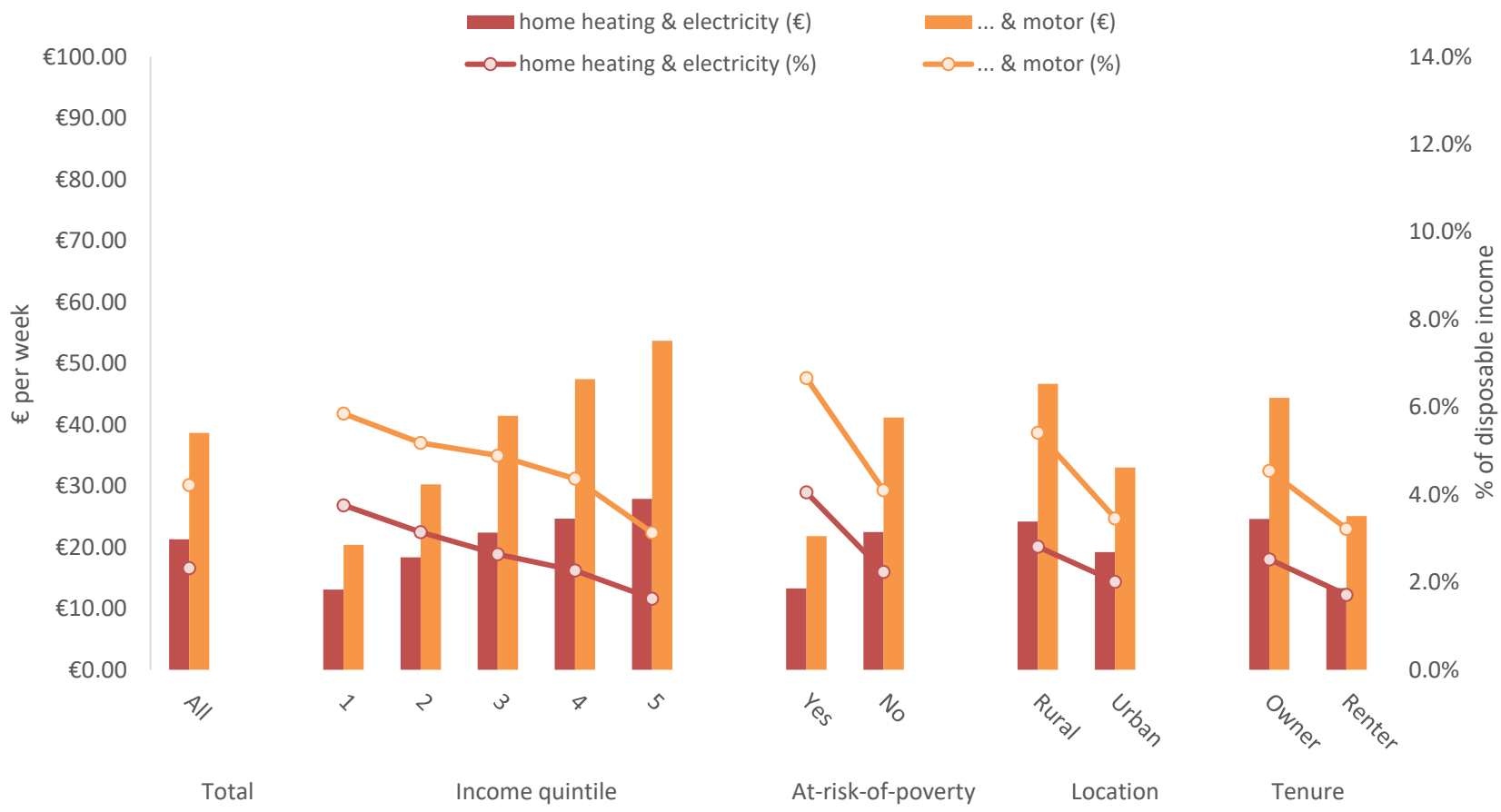
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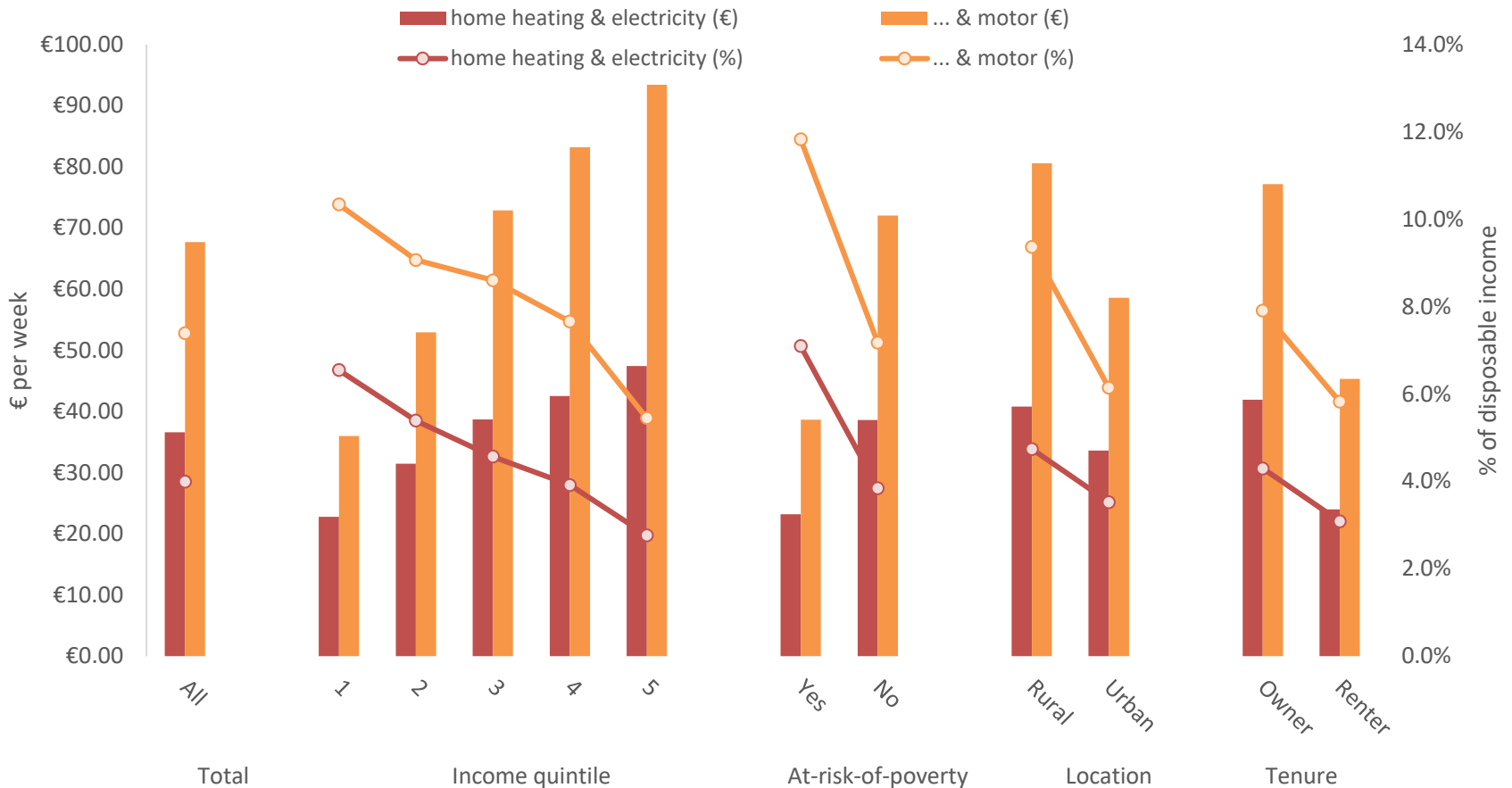


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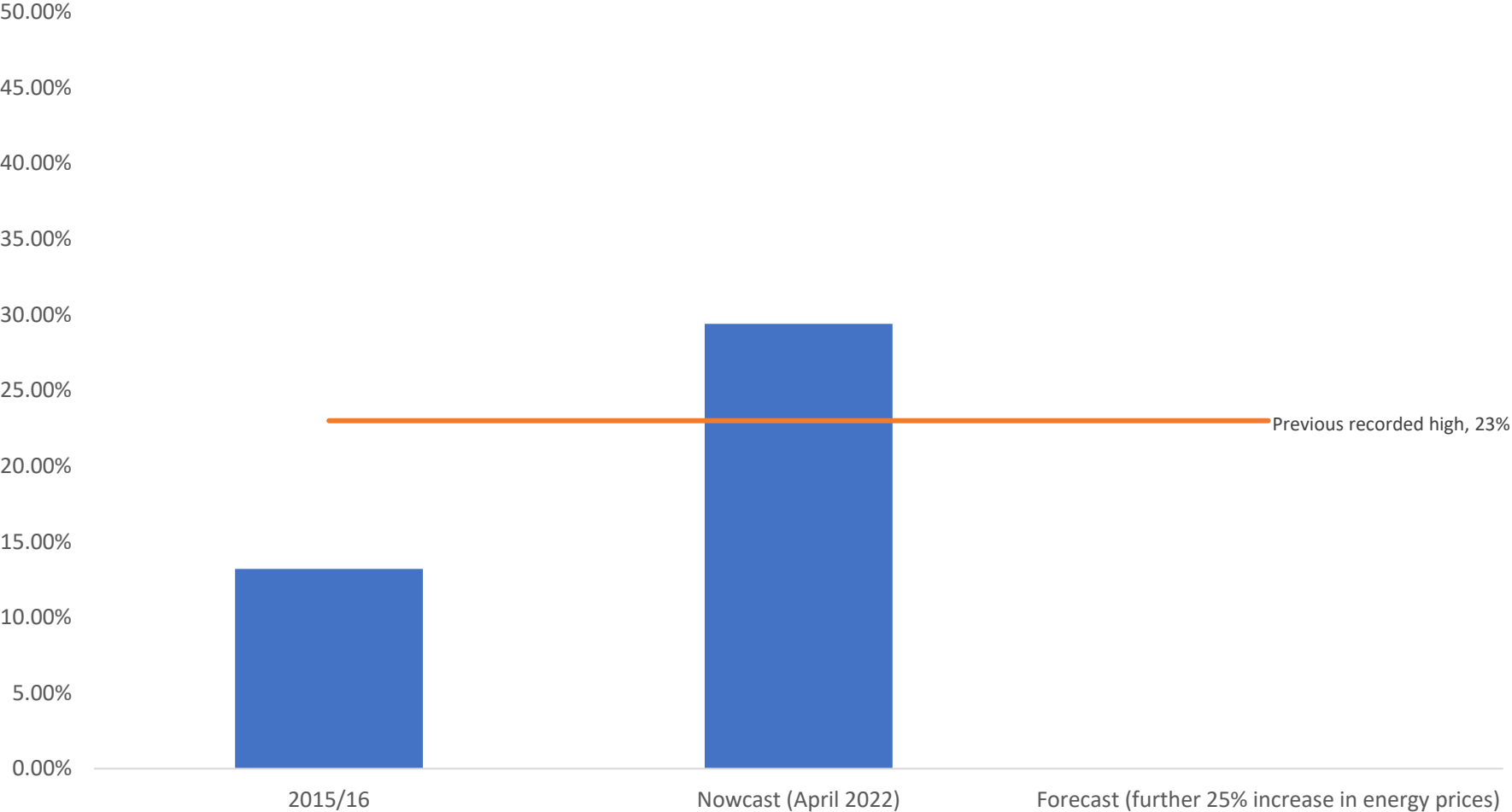


# ...also low income HHs most effected by future increases



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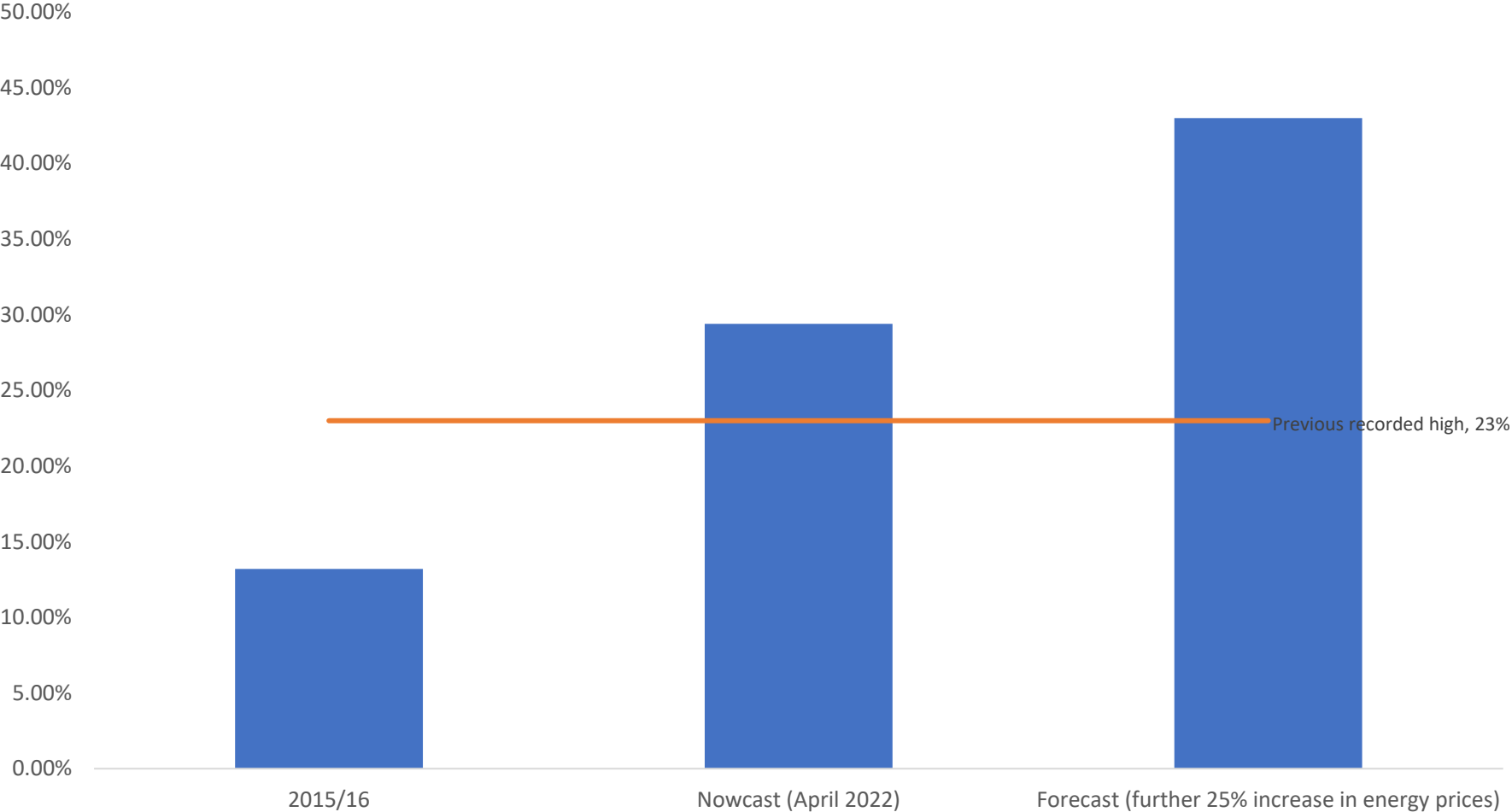
# Energy poverty now above previous recorded high



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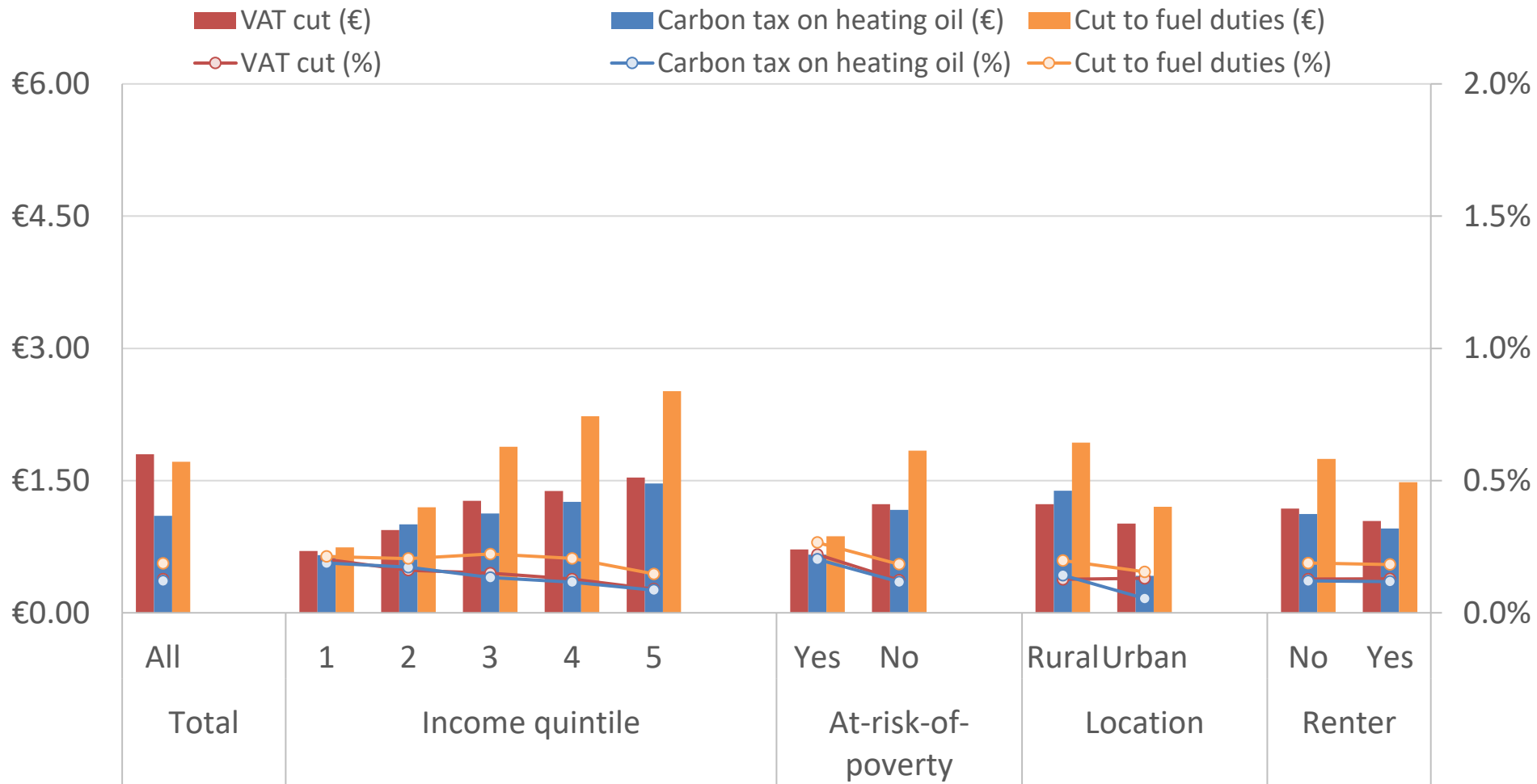
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# Indirect tax cuts poorly targeted at worst affected HHs

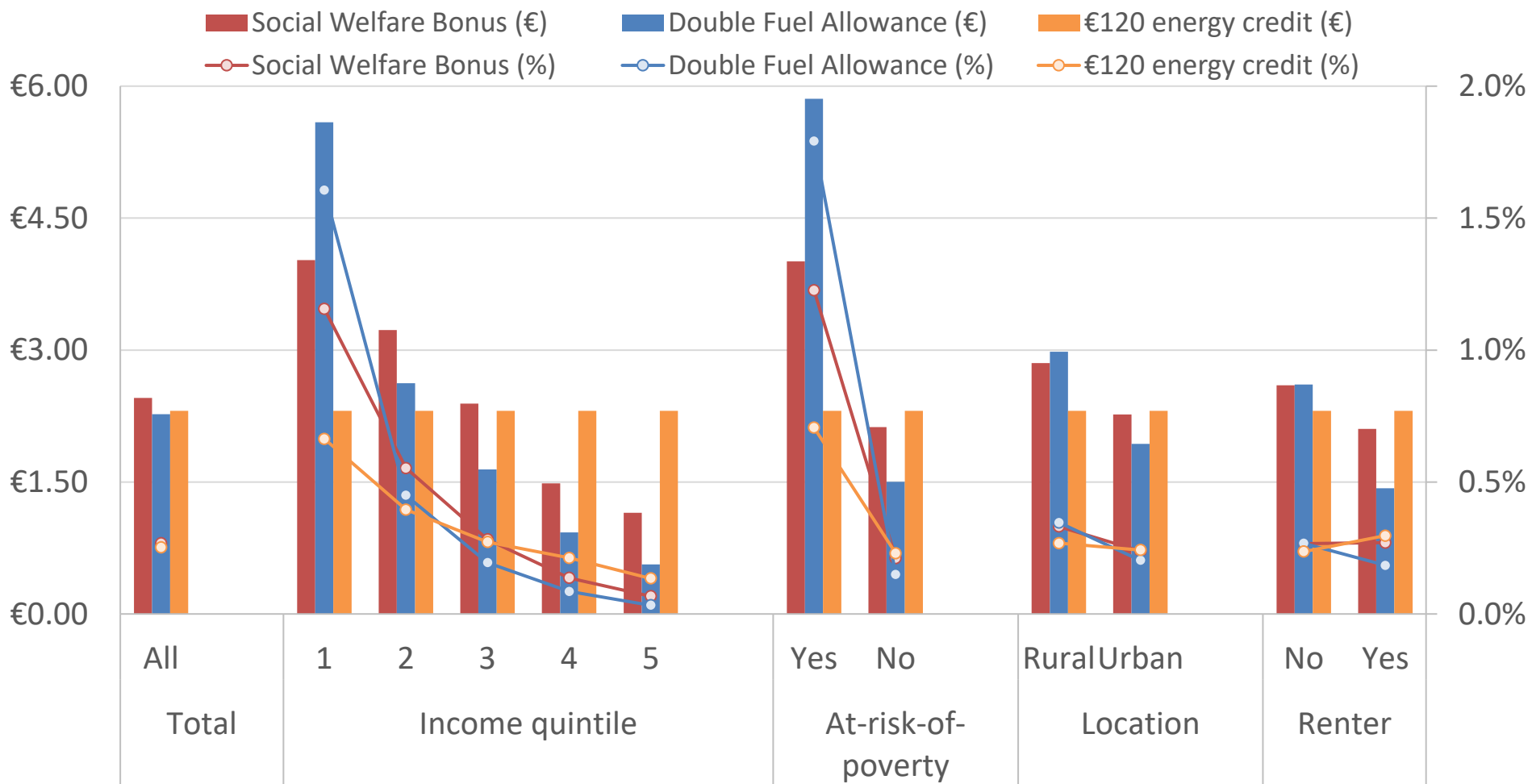


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30 Source: Figure 4.1, Barrett, Farrell and Roantree (2022)

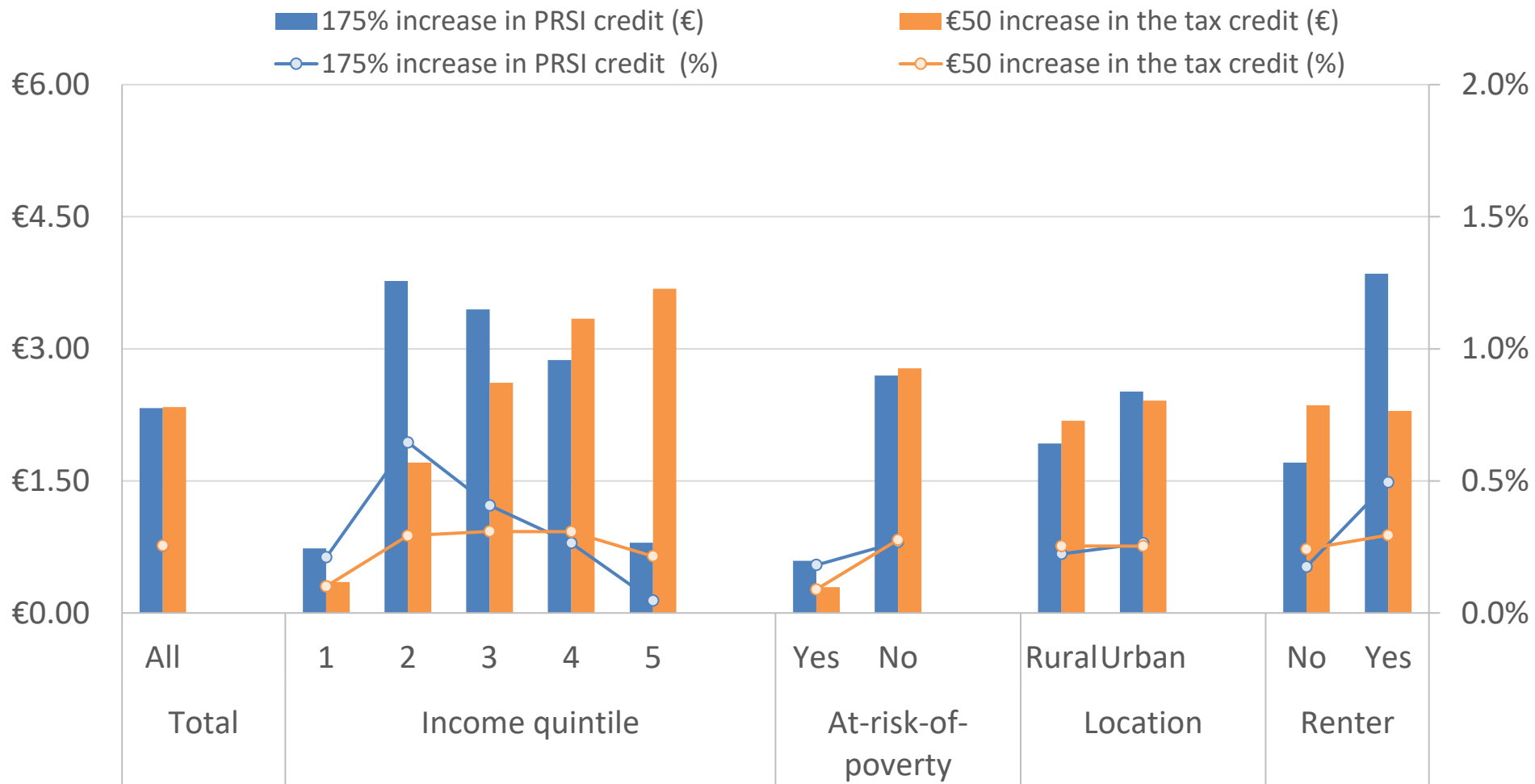


# ... unlike welfare increases & even lump-sum payments



Note: Authors' calculations using eSWITCH version 4.6 run on 2019 SILC data updated to 2022 terms. Quintiles constructed using modified OECD equivalence scale.

# ...while gains from tax credit ↑ focused on middle incomes



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# Conclusions

## Energy poverty & deprivation was falling until recently

- ...reversed by price increases in last 18 months, affecting lower income HHs already at risk of poverty/deprivation most

## Limit to what Govt can do makes targeting support key

- Mitigates risk of fuelling further (non-energy) inflation
- As well as weakening incentive to invest in “green” technology, indirect tax cuts are poorly targeted at those worst affected
- Increases to welfare & even lump-sum payments are both better targeted and avoid blunting these incentives

## Better – and more regular – data is crucial



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**THANK YOU!**



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