



Utility Regulator Draft Forward Work Programme 2024/2025

**Consultation response from
Consumer Council for Northern Ireland**

01 March 2024

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Executive summary

We welcome the opportunity to respond to the Utility Regulators (UR) Draft Forward Work Programme 2024/2025.

This Forward Work Programme is the first year of the UR five year Corporate Strategy, and we commend the UR's solid plan to protect consumers as we transition to net zero.

As Northern Ireland's consumer representative body, we share much common ground with UR through extensive statutory powers in consumer matters, energy, and water and sewerage. We have noted in this response the significant areas of overlap between the UR's welcome and ambitious plans, and our own activities underpinned by our statutory powers relating to energy and water consumers. Given the convergence in the objectives of our two organisations we would welcome further discussion regarding the opportunities for alignment of our work to best serve the interests of consumers. We already work collaboratively with the UR both strategically and operationally, and we look forward to continuing this partnership working to achieve the best consumer outcomes as we deliver the transition to net zero.

The Consumer Council

The Consumer Council is a non-departmental public body (NDPB) established through the General Consumer Council (Northern Ireland) Order 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland.

The Consumer Council has specific statutory duties in relation to energy, postal services, transport, water and sewerage, food accessibility and financial services.

We are an insight-led, evidence-based organisation:

- Providing consumers with expert advice and confidential guidance.
- Engaging with government, regulators and companies to influence public policy.
- Empowering consumers with the information and tools to build confidence and knowledge.
- Investigating and resolving consumer complaints under statutory and non-statutory functions.
- Undertaking best practice research to identify and quantify emerging risks to consumers.
- Campaigning for market reform as an advocate for consumer choice and protection.

Consumer Principles

We use the eight consumer principles shown in Figure 1 as a framework that asks important questions about service design and delivery, consumer impact and how services should look and feel to the consumer, and that helps assess regulatory decisions from a consumer perspective.

Figure 1: Consumer Principles



The principles provide a framework for working out how particular issues or policies are likely to affect consumers, help identify key issues and risks, ask questions on consumer issues about service design and delivery, consumer impact and how services should look and feel to the consumer.

Consumer Context

There is significant overlap in the obligations, activities, and ambitions of the two organisations regarding energy consumers. The last two to three years has seen considerable market volatility, energy price rises and security of supply concerns, coupled with unprecedented cost of living increases. Forecasts do not show these stresses reducing significantly with many pressures on consumers remaining acute. Households are spending more, and many are struggling to pay for their energy costs.

Consumer Council research shows that:

- the discretionary income of our lowest earning households is less than £27 per week, with 54% of this income spent on food, rent, utilities and transport; and our average weekly discretionary household income is 54% lower than the UK average¹;
- 97% of consumers were concerned about home energy prices, with 55% stating that they were very concerned. This has risen since July 2023, returning to levels previously seen during the height of the energy price crisis in November 2022²; and
- half of households cannot afford to heat their homes or are spending more than the fuel poverty threshold of 10% of net household income on energy.

The Path to Net Zero energy strategy sets out the ambitions of the NI Executive to decarbonise the energy system here. This will require significant action by consumers, and it is important to understand consumer sentiment and attitudes to this.

The Consumer Council has carried out significant research^{3,4} in this area and this has found that:

¹ [Consumer Council Northern Ireland Household Expenditure Tracker: Q2 2023](#)

² [Consumer Pulse Survey: December 2023](#)

³ [Consumer attitudes to protection during energy decarbonisation in Northern Ireland.](#)

⁴ [Attitudes to the Energy Transition](#)

- Consumers need information and education about what is required from them, what options they have, and support with choosing what is right for them.
- They believe protection and accessible redress as non-negotiables, relating to fossil fuel, low carbon energy sources, and emerging/new technologies.
- They also want to see inclusive standards, policies and practices that set out how the energy system and its suppliers will interact with them, including certification and registration of installers.

Collectively, this research demonstrates that consumer affordability needs to be considered alongside understanding consumer sentiment, needs and expectations as we transition to net zero.

Response to Consultation Questions

The Consumer Council is supportive of the projects outlined in the Draft Forward Work Programme. This programme is the first year of the UR Draft Corporate Strategy 2024-2029, which outlines four key objectives:

- Supporting the just transition to net zero;
- Securing our water and energy supply;
- Enabling best in class energy and water companies; and
- Providing the highest level of consumer service and protection.

This Draft Forward Work Programme follows these four objectives and we have responded to each in turn.

Strategic objective 1: Supporting the just transition to net zero

The Consumer Council conduct an extensive range of consumer research, education and empowerment as required under our statutory obligations, “Provision of information to consumers” and “acquisition and review of information”, contained within the Energy Order (Northern Ireland) 2003 [the Energy Order], and the Water and Sewerage Services (Northern Ireland) Order 2006 [the Water Order]. In discharging our obligations over the past three years we have undertaken significant projects to understand consumer attitudes to the energy transition, educating consumers regarding energy efficiency and a joint project with the Utility Regulator to ascertain consumer protection requirements during the energy transition. Our work in this space provides great opportunity for further collaboration with the Utility Regulator to support consumers’ transition to net zero in a just and fair manner.

To achieve net zero that is both affordable and ensures security of supply, it will necessitate new policy development and enhanced regulatory provisions. We welcome the gap assessment of the current policy and regulatory frameworks and believe that this is an important starting point. Together with the proposed research benchmarking other regulatory approaches to a Just Transition, this will provide a good position to build from. We look forward to seeing the results published.

This research must be complimented by proper understanding of consumers in Northern Ireland to ensure that their specific needs are considered in future policy

and regulatory frameworks. As noted, the Consumer Council has carried out detailed research on what consumers want and need during decarbonisation⁵ and we welcome the opportunity to collaborate with the UR on future work in this area.

In addition, we welcome the planned assessment of the Northern Ireland Sustainable Energy Programme (NISEP) and its future. As the key energy efficiency scheme in Northern Ireland, it is imperative that it is enhanced or replaced by a suitable successor programme.

Strategic objective 2: Securing our energy and water supply

We are supportive of the projects outlined within this objective and recognise the balance that must be struck to maintain and improve our energy assets for future generations, while acknowledging and addressing present day affordability requirements. The magnitude of the cost increases necessary to deliver RP7 and PC21 in particular reflects the step change required in network capacity and operation. However, the scale of this investment increase also underlines the necessity to ensure these costs are appropriately scrutinised, service standards increase, and consumers are appropriately protected.

How the energy and water networks operate directly impact on consumer bills, and it is important that frameworks, market mechanisms, price controls, and infrastructure projects are delivered in a way that is cost-effective, fair and transparent. We will continue to support the Utility Regulator in deepening the scrutiny it applies to companies' investment plans via these processes. We also encourage the Utility Regulator to ensure that any enhancement in investment is coupled with a greater focus on quality of service.

Strategic objective 3: Enabling best in class energy and water companies

The Consumer Council supports the objective of enabling best in class utility companies in Northern Ireland. This objective must encompass and balance the need for economic efficiency with high standards of customer service and long term

⁵ [Consumer attitudes to protection during energy decarbonisation in Northern Ireland.](#)

sustainability of infrastructure. As outlined in the previous section, decisions must be cost-effective, fair and transparent. They must place consumers' needs at their heart and drive improved service standards. We look forward to working with the UR on these price control reviews outlined in this section of the forward work programme and helping to ensure that the consumer is the centre of decision making.

Consumer Council research^{6,7} shows that consumers have general awareness of climate change, but they are unsure of what they should be doing to help. They need education, support and good leadership. The planned roll-out of electricity smart meters is a project where all of these factors should be taken into account.

Consumers levels of trust can vary, but they are apprehensive with giving over control to external organisations. If handled correctly, the roll-out of smart meters could provide an opportunity to build both consumer trust and confidence and to empower consumers to better understand and reduce their energy demand. The opposite is also true, and if mishandled, it could further erode consumer trust which will be a significant barrier to decarbonisation.

To overcome this risk, we encourage the UR to be leaders, and drive this positive change with effective communication and consumer protection. We have significant experience in developing consumer friendly information and we would welcome the opportunity to work with the UR to ensure that consumer messaging is clear, consistent and there is no duplication of effort.

We welcome the development of a licence compliance framework and public reporting regime. This will ensure that network operators and suppliers are benchmarked against each other and give consumers the opportunity to see how each is performing. We would encourage the UR to ensure that when published, this information is easily accessible, provides clarity regarding the beneficial customer measures being achieved, and uses plain English to allow for consumers to fully understand and be empowered.

⁶ [Consumer attitudes to protection during energy decarbonisation in Northern Ireland.](#)

⁷ [Attitudes to the Energy Transition](#)

Strategic objective 4: Providing the highest level of consumer service and protection

Given the additional consumer need and detriment that has become apparent during the energy price crisis and that will extend into the energy transition, we are mindful of the importance of ensuring our general powers “to promote and safeguard the interests of consumers in Northern Ireland” (General Consumer Council (Northern Ireland) Order 1984), and specific complaints powers contained within the Energy Order and Water Order are used to complement the deeper powers of the UR in the protection of utilities consumers.

We welcome the projects outlined within this objective and are particularly supportive of the Best Practice Framework and its final implementation. Consumer detriment has accelerated significantly with new risks emerging on a regular basis. The full implementation of this framework should help protect consumers experiencing vulnerability. We reaffirm our interest in a detailed timetable as outlined in our recent response to the five year Consumer Protection Programme (CPP) and our commitment to support the Utility Regulator in improving consumer protection standards.

In reiterating our support for the enforcement work of the Utility Regulator we note the overlap between the Utility Regulator’s functions and the Consumer Council’s statutory roles to understand consumers, address consumer complaints and consider thematic issues impacting consumers. It is essential that the two organisations collaborate to deliver on behalf of consumers and to avoid duplication of service provision.

There is limited information on the specific projects that would be delivered as part of year one of the CPP. A focus on implementing best practice is encouraging but we would encourage the UR to continue in its openness when developing individual projects. As outlined in our response to the five year CPP, we conduct an extensive range of consumer research each year as required under our statutory obligation of “acquisition and review of information” regarding consumers contained within the Energy Order, and the Water Order. We welcome the opportunity to work closely with

the UR to develop complementary projects and research that add value to the evidence base.

We support the review of the different monitoring tools, in particular enhancement of the REMM report. It is important that the information collected has value to the UR and others using these reports, without being too much of a burden on suppliers and network operators. We welcome improved transparency and encourage the UR to ensure that this information is easily accessible to both industry and consumers wherever possible.

The scoping of a regulatory framework for heat networks is a welcome project and follows the Department for the Economy (DfE) consultation in 2022. Heat networks have the potential to be a key part of decarbonisation, and this would mean an increase in numbers and scale of heat networks here. Our response to this consultation highlighted the need for adequate and comparable consumer protection for those on a heat network. This should be a well-planned regulatory framework, with clear roles, responsibilities and powers in place to ensure sufficient legislation, enforcement powers and transparency. We look forward to engaging further with the UR on this area.

Conclusion

This Draft Forward Work Programme sets a solid plan in place to protect consumers as we journey towards net zero.

There is ongoing discussion between the UR and the Consumer Council at both strategic and operational levels to maximise cooperation and avoid duplication of service provision. We would like to reaffirm our commitment to this collaboration. This partnership approach alongside shared engagement with other key stakeholders ensures that both organisations collectively focus on achieving a just transition that is fair and works in the best interests of Northern Ireland consumers.

Contact Information

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The Consumer Council consents to this response being published.

