

# **SSE Airtricity's Response to the UR's Consumer Protection Programme 2024-2029 Consultation**

## **1. Introduction**

SSE Airtricity welcomes the opportunity to respond to the UR's Consumer Protection Programme 2024-2029 (CPP) as the UR determines an approach over the upcoming five years.

The role of consumer protection is central to the UR's function as demonstrated through extensive engagement with industry on various workstreams completed over recent years. Suppliers, for their part, including SSE Airtricity have been central to navigating consumers' needs throughout the past four years. This extensive collaboration at pace was necessitated by close to real-time issues presenting themselves from the onset of the pandemic through to the cost-of-living crisis.

We now face long-term climate-change and as an industry we must turn to solving this through delivering net-zero solutions to NI customers that will enable and equip them to play their part in mitigating this crisis.

In tackling climate change we firmly believe the focus of policymakers, including DFE and the UR, hinged on the themes outlined in the consultation paper would benefit from a shift to a macro perspective including the role that consumers will play. As customers navigate this new energy landscape the role of both the UR and the wider energy community is integral to delivering a trusted leading voice. We expand on this in section 2 below.

## **2. The shifting consumer landscape: Consumer Education, Engagement and Empowerment**

A key focus for Northern Ireland over the coming years will be to move customers from a passive energy consumer to an active energy consumer. The recently published Dept for Economy Consultation on Smart Flexibility indicates the breadth of work that is required to be done, and we welcome the publication of this, in particular with a view to the progression of Smart Metering for Domestic electricity customers across Northern Ireland.

However, we must acknowledge the fact that Northern Ireland is in comparison to the rest of the UK and Ireland significantly behind in the required rollout of metering technology which allows and facilitates the move to an active consumer. This includes a Smart Metering programme that is more than a decade behind the remainder of the UK which began Smart Meter rollout in 2012. In Ireland, the National Smart Metering Programme (NSMP) has now installed over 1 million future enabled meters which allow customers not only to actively take charge of their energy usage by demand shifting but also unlocks the capability of exporting microgeneration. This provides customers with the opportunity of being paid to export to the grid and unlocks the ability for suppliers to offer low-cost EV charging tariffs which in turn reduce emissions and make use of surplus renewable energy at low usage times overnight.

In our view, this CPP 2024-2029 is more critical than its predecessor primarily because it is the programme of work that will help shape the consumer facing aspects of active participation on the Net Zero transition.

However, we strongly believe that the consumer protection review for the customer of the future needs to be planned in 2024 as the key focus of the CPP. An accelerated programme of delivery will be needed to ensure that Northern Ireland is at parity with the remainder of the UK and Ireland in customer empowerment.

We view the three key UR themes referenced in the consultation of Research and Leadership, Protection and Enablement as fit for purpose themes, however the detail under these themes should be further extrapolated to focus on suppliers' and consumers' active role in delivering Net-zero.

In our view we see there being three key aspects that will deliver an empowered customer who can make informed decisions on their future energy needs:

**Education:** explaining to customers of the need for a move from passive to active management of energy and informing them of the options they have

**Engagement:** realising the connection between the educational information and the real-world application for customers to participate in the energy transition

**Empowerment:** the output of education and engagement where customers feel confident in making decisions about their energy needs

### 3. Learning from other jurisdictions

As detailed above, it is apparent that Northern Ireland is significantly behind in the customer elements of the energy transition. Whilst this means the actual rollout of new products and services requires acceleration, this also affords NI and the UR some distinct advantages, primarily through the learnings from other jurisdictions. Great Britain and Ireland are ahead in the acceleration of energy programmes at the consumer level. For example, we are now seeing dynamic tariffs introduced in Britain whereby customers are paid a dynamic wholesale linked tariff to export to the grid at times of stress. Ireland is also introducing dynamic tariffs to customers which when coupled with behind the meter capability will enable homes to actively manage demand. These examples demonstrate a macro, whole system thinking where all market participants play a role and where the UR as an organisation should be positioning itself.

This is of great benefit to Northern Ireland as it means the learnings, both good and bad can be reflected on in the NI approach. There are some regional specificities to be considered of course, the prevalence of PPM as a lifestyle choice is one such factor, but in our view, this should mean that customers are in fact more attuned to energy management, simply by virtue of having to engage with meter top ups frequently.

### 4. Prioritisation of projects

Noting that the UR is seeking feedback specifically on prioritisation, we believe that the key focus across all themes should be on preparing for the needs and delivery model for the future, active customer of Northern Ireland. This can be achieved through research and leadership, leading in turn to the formation of education of consumers. We welcome the aspects of the programme specifically under theme 1, as an example of the type of future-focused research that is required.

We believe that the granular research focused on affordability is of less importance, not because it is less of an issue for consumers but rather because the active steps, we as an industry should be focusing on is a modern, active customer enabled system that empowers customers to meet their energy needs in different ways which will ultimately protect consumers in the long-term.

Where customers are having difficulty, suppliers already have a range of debt management tools which we implement including repayment plans and if suitable the installation of a prepayment meter. As SSE Airtricity we are also a co-author and signatory of the EAI Energy Engage Code which aims to foster active customer communication to those in difficulty. With a Best Practice Framework on Vulnerability also occurring in 2024, we believe we have an extremely high level of protections in place for customers in difficulty and further prescriptive requirements are not required.

## **5. Industry capacity and consumer impact**

Northern Ireland suppliers will be required to add additional resources in the coming years to put in place the necessary project teams for programmes such as Smart. SSE has extensive experience of projects of this scale across UK and Ireland and the UR should be acutely aware that these projects come with a resource impact to suppliers. As such, our regulatory and operational leads' focus will be on the delivery of these programmes in the years ahead. We strongly urge the UR to focus industry capacity on consumer facing elements of the energy transition.

Northern Ireland will inevitably face a diseconomies of scale issue as we consider the cost of the energy transition. This is unavoidable but must be delivered as per the mandated requirements of the NI Energy Strategy and for the betterment of customer outcomes in the long term. As the costs of the transition are realised and indeed spread across a smaller customer base than other jurisdictions the UR (and key stakeholders) should be razor focused on ensuring that any supplementary considerations relating to the CPP are fully costed and proportionate to the outcomes sought. Indeed, in a recent Select Committee Northern Ireland Affairs hearing on Renewable Energy & Net Zero, John French spoke of the diseconomies of scale of Northern Ireland consumers. This reemphasises the point regarding ensuring projects are proportionate.

Each intervention must only focus on the long-term tangible benefit to consumers, who must ultimately pay the costs of regulatory interventions.

## **6. The role of Government in addressing the underlying causes of fuel poverty**

Finally, we note that the UR has a particular focus on energy poverty within the CPP.

SSE Airtricity recognises that fuel poverty is a real issue for consumers in Northern Ireland but notes that the best way of addressing consistent fuel poverty is through energy reduction measures, including energy efficiency in the housing stock. We remain of the view that such targeted interventions should be the focus of government and that where cohorts of customers are identified (such as those in rented accommodation) then the best course of action will often be a dedicated energy efficiency upgrade to the dwelling.

The UR in the paper outlines the role they play at government level on Poverty Working Groups, and we welcome the continuation of advocating for appropriate government support for customers who find themselves in such circumstances.

## **7. Conclusion**

In summary, upon review of the CPP 2024-2029, our view is that a shift is required from focusing on the customer of today to planning for the customer of tomorrow. This is required given the significant lag in Northern Ireland's customers being equipped and empowered to make meaningful energy changes. This is in comparison to neighbouring jurisdictions, from which much can be learned for Northern Ireland's energy transition.

In August 2023, the UR met with SSE Airtricity in Dublin, and we demonstrated the range of products and services available in Ireland where the market is fostering innovation. Prioritising future consumer programmes will be a critical enabler for unlocking this potential for Northern Ireland homes and businesses.

We remain available to the UR for further engagement on the points detailed in this submission. We look forward to working with the UR and other key stakeholders in the years ahead as we help drive the energy system and customer needs.