

Advice NI Response to the Northern Ireland Electricity Transmission and Distribution Price Controls

Deadline: 19th July 2012

Advice NI welcome the opportunity to respond to the Northern Ireland Electricity Transmission and Distribution Price Controls. This is the fifth price control for Northern Ireland Electricity Ltd and will apply from 1st October 2012 to 30th September 2017.

Section 1 includes background information on Advice NI and a general overview. **Section 2** then highlights our response to the consultation questions.

1. Background:

Advice NI is a membership organisation which exists to provide leadership, representation and support for independent advice organisations to facilitate the delivery of high quality, sustainable advice services. Advice NI provides its members with the capacity and tools to ensure the delivery of effective advice services. This includes: advice and information management systems, funding and planning, quality assurance support, NVQs in advice and guidance, social policy co-ordination and ICT development. Membership of Advice NI is normally for organisations that provide significant advice and information services to the public. Advice NI has over 65 member organisations operating throughout Northern Ireland, providing information and advocacy services to over 100,000 people each year and dealing with over 227,000 enquiries on an extensive range of matters including: debt, social security, housing, consumers and employment issues. For further information, please visit www.adviceni.net.

Advice NI's Debt Action Project, aimed at helping the most financially vulnerable in Northern Ireland has provided free independent debt advice to 5258 consumers and dealt with nearly £98 million pounds of debt for the period November 09-June 2012. The Debt Action project is funded by DETI, who fund a number of front line advice posts for Advice NI.

2. Consultation Response:

At present people in Northern Ireland face higher costs for everyday necessities such as insurance, fuel and food, resulting in a higher cost of living than exists in Britain, while salaries here are on average 20% lower. In addition Northern Ireland has a higher level of repossessions than the rest of the UK; unemployment levels are higher and it is expected that the number of unemployed in Northern Ireland will rise above 70,000 by 2012, with a warning that Northern Ireland would continue to have a more negative jobless record than the rest of the UK. Energy prices continue to make up a major component of household expenditure in Northern Ireland, and minimising the price consumers pay for their energy will play a vital role in re-creating a successful economy.

Considering that NIE price controls will affect all electricity consumers in Northern Ireland Advice NI believes it is vital that vulnerable low income households receive adequate protection and support. Many consumers are already struggling to make ends meet and keep a roof over their heads; and Advice NI envisage that the recession, welfare reform and the general cost of living will continue to squeeze and pressurise practically every household in Northern Ireland for years to come.

Given this we wish to highlight the following points/concerns;

- Given the impact of the recession, welfare reform and the cost of living, every effort must be made to protect and support vulnerable low income households in terms of this price control period.
- There is a commitment given to minimise any price increases, given the difficulties facing consumers and small business in Northern Ireland. There must also be adequate penalties and sanctions in place where it is found that this commitment is breached. Advice NI notes the investigation into NIE T&D accounts to determine any potential consequential 'double payment' that consumers may have funded for the RP3 and RP4 periods. This is a matter of great concern and Advice NI would seek assurances that (i) this matter is fully investigated with refunds and compensation paid where appropriate; (ii) moving forward steps are taken to ensure that consumers who can ill-afford to 'double pay' are adequately protected.

- The Northern Ireland consumer pays more for their energy than consumers anywhere else in the UK and NI has the highest level of fuel poverty in the UK. ¹Last winter it was reported that there were 740 excess winter deaths in Northern Ireland, this compares to a level of 589 excess winter deaths in 2000/01.
- When electricity prices increased in 2011 the Consumer Council warned then that the price rises would ²push an extra 52,000 families into fuel poverty. Northern Ireland has the highest energy bills in the United Kingdom and recent statistics from the Department of Energy and Climate Change in Westminster show the highest average energy GB bill is around £1,000 cheaper than the average combined oil and electricity bill in Northern Ireland.
- A few years ago the Utility Regulator, commissioned Douglas McIlldoon to undertake a report on the regulation of Northern Ireland's electric industry. His Report, Northern Ireland's Electricity Consumers – Orphans in the Energy Storm, was critical of some aspects of the structure of the electricity industry, and concluded that consumers in Northern Ireland are paying more than they need for their electricity. The report also concluded that Northern Ireland had the opportunity to create a well regulated energy market which could not only deliver lower costs to customers but also manage the transition to the a low carbon economy.
- These points highlight the importance of the price control issue in Northern Ireland: it will determine whether people 'eat or heat their home' and ultimately could be a matter of life or death.
- NIE pay a £25 fee to domestic customers for failure to provide a NIE service, however the fee hasn't been increased since 1992 and therefore is not in line with current inflation levels. We would suggest this fee is updated & reviewed as part of the price control determinations.
- There does not appear to be any content included in RP5 on customer satisfaction/service/support etc. We suggest this is taken into account and considered by both NIE and the utility regulator with steps identified to increase customer satisfaction/service/support.

¹ http://www.nisra.gov.uk/archive/demography/publications/EWM/EWM_PR_2010.pdf

² <http://www.belfasttelegraph.co.uk/news/local-national/northern-ireland/fury-as-northern-ireland-electricity-prices-soar-by-four-times-the-rate-of-inflation-16040811.html#ixzz1yEk7h2gN>

- Advice NI was part of team which conducted research in 2010 into how energy customers could be helped to avoid / manage debt. This research was published in June 2010 and is available at http://www.uregni.gov.uk/uploads/publications/SMR_Debt_Publication_June_2010.pdf
Advice NI would call for the 'key messages' arising from this research to be incorporated within the price control deliberations.

Advice NI believes this to be a matter of fundamental importance given the situation facing many households and given that most consumers in Northern Ireland rely on an electricity supply. We would welcome on-going engagement in relation to how vulnerable low income households could be better protected and supported within the price control structure.

Contact information on this consultation response:

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