

**OFFICE FOR THE REGULATION OF
ELECTRICITY AND GAS
(OFREG)**

EQUALITY SCHEME

**CONSULTATION TO ASSIST CONSIDERATION OF
WHICH OFREG POLICIES AND ACTIVITIES
WILL BE SUBJECT TO EQUALITY IMPACT ASSESSMENT**

3 AUGUST 2001

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Introduction

1. Ofreg is required by the Northern Ireland Act 1998 (the Act) Schedule 9 to produce an Equality Scheme setting out how it proposes to fulfil the duties required by the Act. A Draft Scheme was produced and underwent consultation in the 2 months up to 11 May 2001. Following consideration and incorporation of comments received the Scheme was submitted to the Equality Commission for approval on 25 June 2001. The Scheme was approved by the Commission on 5 July. Copies of the Scheme are available from: Leslie Adams, Ofreg, Brookmount Buildings, 42 Fountain Street, Belfast BT1 5EE. Tel: 028 9031 1575; Fax: 028 9031 1740; e-mail: leslie.adams@ofregni.gov.uk. Website: www.nics.gov.uk/ofreg.
2. The Equality Commission's Guide to the Statutory Duties arising from Section 75 of the Act, available from the Equality Commission, states that an Equality Scheme, in compliance with Schedule 9 para 4(2)(b) of the Act must, inter alia, include: 'the authority's arrangements for assessing and consulting on the impact of policies adopted or proposed to be adopted on the promotion of equality of opportunity.'
3. In its Equality Scheme Ofreg outlined the arrangements planned to identify which of its policies and activities will be subject to a full equality impact assessment and how these will be prioritised. The arrangements include a screening process to be conducted in 2 phases.

Arrangements for screening (Phase I)

4. In Phase I of the screening process, undertaken when consulting on its Draft Scheme, Ofreg identified its existing and proposed policies and activities. These were set out in Section 3 of the Draft Scheme which is attached at Annex A (amended as noted in para 5 below). The policies identified were then subjected to an internal screening process the methodology for which, and the outcome, are contained in Section 4 of the Draft Scheme which is attached as Annex B.
5. Following consultation on the Draft Scheme and as a result of comment received from the Northern Ireland Consumer Committee for Electricity (NICCE) Ofreg has added the establishment of that Committee to the policies and activities contained in Section 3. No other inclusions or exclusions were identified as a result of the consultation process.

Arrangements for screening (Phase II)

6. Phase II of Ofreg's screening process commences with the publication of this paper through which it is planned to engage with the Equality Commission and other public

authorities and voluntary, community, trade unions and other groups who have a legitimate, particular interest in its work and/or the impact of its functions on equality of opportunity and good relations. Annex C contains a list of those included in the consultation.

7. The Equality Commission's guidelines state that "the purpose of screening is to identify those policies which are likely to have significant impact on equality of opportunity so that greatest resources can be devoted to these."
8. The purpose of this consultation is to inform decisions which Ofreg must take, at the culmination of the screening process, to identify which of its policies and activities should be subjected to the equality impact procedure. In taking these decisions Ofreg will apply the following criteria:
 - is there any evidence of higher or lower participation or uptake by different groups?
 - is there any evidence that different groups have different needs, experiences, issues and priorities in relation to the particular policy?
 - is there an opportunity to better promote equality of opportunity or better community relations by altering the policy or working with others in government or in the larger community?
 - have consultations with relevant groups, organisations or individuals indicated that particular policies create problems which are specific to them?
9. To assist its decision making process Ofreg would find it helpful if respondents would indicate their views on the following questions:
 - (a) Is your organisation aware of any Ofreg policies, written or unwritten, which have been omitted from the list of policies in Annex A?
 - (b) Do you consider any of the policies listed in Annex A (or which you have added) have positive answers to any of the 4 screening questions? If so please provide details.
 - (c) Which if any of the policies in Annex A (or which you have added) have particular equality implications for your group?
 - (d) Which of the policies have significant implications which you consider merit an equality impact assessment? Please state why.
 - (e) What are your views on the existing screening criteria? Would it be useful to add further questions which would help to reach a conclusion on whether a policy is likely to have a significant impact? Please indicate which additional questions might be asked and include your own responses to those questions.

Priority issues for equality impact assessment

10. The Equality Commission's Guide states that 'a view must then be reached on the priority issues for equality impact assessment. Priorities may be established based on factors such as:

- social need
- effect on people's daily lives
- effect on economic, social and human rights.'

In addition Ofreg will have regard to the opinions expressed by respondents and in this context views would be welcome on the following questions:

- (f) Do you agree/disagree with the factors above to be used in prioritising policies for equality impact assessment?
- (g) If you disagree, what factors do you consider need to be taken into account in prioritising policies for equality impact assessment?
- (h) In your view, which issues should be given top priority in drawing up an equality impact assessment programme?
- (i) Are there policies which impact on your area of interest, which could usefully be grouped together to make equality impact assessments more meaningful?

Consultation Process

- 11. The publication of this document will be notified to those organisations and groups contained in the consultation list at Annex C.
- 12. Copies of the document can be requested in writing, by phone, by e-mail and will be made available (on request) in large print, Braille, Audio Cassette, and a variety of relevant minority languages. It can also be accessed on Ofreg's Internet website at www.nics.gov.uk/ofreg.
- 13. Presentations on this document, if requested, will be made in an appropriate format to representatives of people with learning disabilities, minority language speakers, those whose learning is impaired, young people and Travellers. In addition Ofreg would welcome the opportunity to discuss particular issues with representatives of any of the groups identified as relevant to the Section 75 categories and to attend meetings which organisations may arrange with its members to discuss the document. In organising consultation meetings Ofreg will comply with the commitments in its Equality Scheme.

Responses

- 14. Comments are invited on this document and it would be helpful if responding in writing if you could say at the beginning of your submission who you are, who your organisation represents (if appropriate) and who, if anyone, you have consulted about this document before drawing up your submission.

15. Ofreg would welcome the opportunity to take delivery of responses to this consultation process by meeting representatives of any of the groups identified as relevant to the Section 75 categories if they so prefer.

Timetable

16. The deadline for responses to this consultation process has been set at Friday 5 October 2001.

Enquiries

17. Enquiries about consultation arrangements and responses to this document should be made by mail, phone, fax or e-mail to:

Leslie Adams, Ofreg, Brookmount Buildings, 42 Fountain Street, Belfast BT1 5EE. Tel: 028 9031 1575; Fax: 028 9031 1740; e-mail: leslie.adams@ofregni.gov.uk.

3 August 2001

ANNEX A

3. Policies and Activities

3.1 In identifying policies to be subject to equality impact assessment – Ofreg has considered the full range of duties and functions imposed on the DGES and DGG as defined in the Electricity (Northern Ireland) Order 1992 and the Gas (Northern Ireland) Order 1996. The following activities are those developed by Ofreg to carry out the duties imposed on the DGES and DGG:

A Promoting competition in the generation and supply of electricity. This involves:

- (i) facilitating the renegotiation of the generation station contracts, in order to both promote competition and secure a better deal for customers.

The generation contracts were signed at the time of privatisation of the Northern Ireland Electricity Industry in 1992, and provided for two types of payments (energy and availability payments) to be made to the power stations. This arrangement has contributed significantly to Northern Ireland's high generation costs, and subsequently to Northern Ireland's high electricity costs when compared with the rest of the UK.

- (ii) Promoting competition in the generation and supply of electricity by securing such changes to the market structure as will drive down prices for all classes of customers.

One of the duties of Ofreg is to promote competition in the production of electricity and also among those businesses which retail it to final customers. At present only very large consumers have the right to choose their own supplier though the European Union is expected to grant this right to all customers. However merely granting the right does not by itself guarantee lower prices for all customers and in particular for low income households.

- (iii) reviewing periodically the Price Control on NIE's Transmission and Distribution (T&D) business.

This review takes place every 5 years, and involves the Director General capping the maximum allowed revenue stream for the period in question. The necessity for a Price Control arises because NIE's T&D Business, also known as the "wires" business, is effectively a monopoly. Reviews of NIE's Supply and Power Procurement Business are also undertaken periodically.

- (iv) exercising concurrently with the Director General of Fair Trading functions under the Competition Act 1998, as far as they relate to anti-competitive behaviour or abuse of dominant positions in the electricity and gas industries in Northern Ireland.

The Competition Act came into force on 1 March 2000, and introduced two specific prohibitions: One of agreements (whether written or not) which prevent, restrict or distort competition and which may affect trade

within the UK (the Chapter I Prohibition); the other of conduct by undertakings which amounts to an abuse of a dominant position in a market and which may affect trade within the UK (the Chapter II Prohibition). Ofreg will in due course publish a consultation paper on the implications of the Act for the Energy Sector in Northern Ireland.

B. Protecting the interests of electricity consumers with regard to price. This involves:

- (i) minimising the total electricity bill by incentivising NIE to promote the efficient use of electricity;
- (ii) enabling all classes of customers to secure affordable renewable electricity;
- (iii) promoting a two tier tariff that discourages the inefficient use of electricity while protecting the basic requirements of low income households;
- (iv) promoting the concept of energy service companies (ESCos) which will deliver affordable power and heat packages to households while minimising pollution.

C. Protecting the interests of consumers with regard to quality of service

- (i) reviewing periodically NIE's Standards of Performance (Guaranteed and Overall).

The Standards set service levels for the company, for example, by stipulating times for restoration of supply, making appointments and replying to correspondence. Where the Guaranteed Standards are breached NIE must make pre-determined payments to individual customers. Overall Standards apply to general levels of service, for example, NIE must read 99.5% of meters at least once a year. NIE's performance is reported annually in Ofreg's Customer Services Report.

- (ii) reviewing periodically Ofreg's Social Action Plans aimed at Northern Ireland electricity and gas customers who are disadvantaged and or experiencing fuel poverty.

In May 1998 the Director General first published Action Plans to achieve efficiency, choice and fairness in the provision of electricity and gas to disadvantaged consumers. The Action Plans published were in response to the Government's proposal in the March 1998 Green Paper 'A Fair Deal For Consumers.' It is intended that Ofreg's Social Action Plans will be updated on a regular basis and that extensive consultation will be involved. Consultation on the current review is likely to take place in the first half of 2001.

- (iii) Investigating complaints where NIE has been unable to satisfy customer needs.

Ofreg has a dedicated Consumer Affairs Section which aims to resolve complaints from electricity consumers who are dissatisfied with the way in which NIE has handled their problems. The Section runs an ongoing publicity campaign to bring Ofreg's services to the attention of customers.

(iv) Approving NIE's Codes of Practice

NIE is required by its licence to produce Codes of Practice describing the standards of service which customers can expect. They cover a wide range of service areas, for example, payment of bills and must be written in consultation with the Northern Ireland Consumer Committee for Electricity. They must subsequently be approved by the Director General.

D. Promoting the development and maintenance of an efficient, economic and co-ordinated gas industry in Northern Ireland and protecting the interests of gas consumers with regard to price and quality of service. This involves:

- (i) granting licences to firms wishing to operate in the Northern Ireland gas market. Licences govern the conduct of market participants and are monitored by Ofreg to ensure their provisions are being adhered to;
- (ii) setting and monitoring of the standards of customer service provided by gas suppliers. Standards of Performance are set in a range of service areas broadly similar to those in electricity. (See activity C(i)). They must be approved by the Director General and Phoenix Natural Gas is required to report on the results at regular intervals;
- (iii) ensuring that Phoenix Natural Gas develops the gas network within the Greater Belfast area, in accordance with the development plan in its licence;
- (iv) every five years, undertaking a price control review of the charges Phoenix Natural Gas set for conveying natural gas within their licensed area;
- (v) encouraging the extension of the natural gas network outside Greater Belfast.

E. Promoting energy efficiency and reducing harmful environmental emissions. This involves:

- (i) Incentivising NIE and Phoenix Natural Gas through their Price Controls to promote energy efficiency measures in Northern Ireland.

The Director General has agreed a wide range of measures with the companies and has structured their price controls in a way which allows a higher rate of return where they are successful in promoting energy efficiency.

- (ii) Facilitating implementation of Climate Change Levy exemptions for Energy Efficiency Technologies in Northern Ireland.

The Finance Act 2000 introduced the Climate Change Levy and will be paid by all non-domestic electricity consumers at the rate of 0.43 pence per kilowatt hour from 1 April 2000. However electricity generated from renewable generation sources is exempt from the levy and the provisions of the Act make Ofreg responsible for administering and monitoring the exemptions. An exemption Scheme is currently being developed.

The Climate Change levy is an integral part of the Government's climate change programme, helping put the UK on track to meet its Kyoto target and moving beyond that towards the Government's domestic goal of a 20% cut in carbon dioxide emissions.

F. Northern Ireland Consumer Committee for Electricity (NICCE)

In addition to the duties and functions outlined in A to E above the Director General of Electricity Supply for Northern Ireland is required by the 1992 Electricity Order to establish a Consumer Committee for Electricity. The Committee is independent and works in the interests of electricity consumers by campaigning for higher quality service and greater value for money. It has a particular interest in electricity pricing, customer debt and services for people with disabilities.

It pursues these aims by :

- ◆ working with community groups, advice workers and politicians who represent all types of electricity consumers to exchange information and co-ordinate action.
- ◆ Working with the electricity regulator to help keep him in touch with the views of consumers.
- ◆ dealing directly with NIE to make sure they:
 - meet their Standards of Performance
 - follow and regularly update their codes of practice
 - consider the views of the consumer when they are developing their policies and procedures.

- 3.2 Some of Ofreg's activities are determined collectively, rather than by Ofreg itself. The lead responsibility for Northern Ireland Civil Service-wide public procurement rests with the Department of Finance and Personnel (DFP). DFP will cover in its scheme the arrangements for equality impact assessments of the procurement function as it relates to all Northern Ireland Departments. This arrangement will ensure that the policies followed by Ofreg in relation to public procurement are subjected to impact assessment centrally

by DFP. All Ofreg employees are on secondment or loan from other Northern Ireland Departments and while responsibility for recruitment and related matters lies with those Departments, Ofreg will apply best employment practice in all other dealings with its staff.

- 3.3 Where Ofreg implements policies formulated by another public authority Ofreg will engage in a partnership approach to ensure that such policies are screened and if required impact assessed. Where necessary Ofreg will liaise with other public authorities to ensure that those authorities participate, if necessary, in any equality impact assessment initiated by Ofreg.
- 3.4 If as a result of an equality impact assessment, Ofreg identifies a significant equality of opportunity issue arising from a UK-wide or European Union policy, it will advise the appropriate UK Department or the European Commission of its findings.

ANNEX B

4. Equality Impact Assessments

- 4.1 To identify which of the activities in Section 3 would be subject to a detailed equality impact assessment, Ofreg has undertaken a preliminary screening process (Phase I) considering the impact of each of the activities in terms of the nine categories listed in Section 75 of the Act and set out in Annex A using the following criteria:

- (i) Whether there is there any evidence of higher or lower participation or uptake by different groups within any of the nine categories?
- (ii) Whether there is there any evidence that different groups have different needs, experiences, issues and priorities in relation to the particular main activity area?
- (iii) Whether there is an opportunity to better promote equality of opportunity or good relations by altering activities or working with others in Government or the community at large?
- (iv) Whether consultations in the past with relevant representatives, organisations or individuals within groups indicated that particular activities create problems that are specific to them?

4.2 On the basis of this Phase I screening process Ofreg would propose to carry out equality impact assessments on all the activities described in para 3.1 with the exception of activity E(ii). This has been screened out because the Climate Change Levy does not apply to domestic consumers of electricity and is revenue neutral for the business community. It does not seem to Ofreg to contain elements which impact on the equality agenda.

4.3 The preliminary position outlined in para 4.2 will need to be reviewed in the light of Phase II of the screening process in which Ofreg will consult and seek views on:

- Whether organisations consulted are aware of any Ofreg policies, written or unwritten, which have been omitted from its list of policies
- Whether, in relation to Ofreg's policies, the organisations consulted consider there are positive answers to any of the 4 screening questions
- Whether the policies have particular equality implications for any group
- Whether the policies have significant implications which merit an equality impact assessment
- Whether the existing screening criteria are adequate
- Whether the following factors:
 - Social need
 - Effect on people's daily lives
 - Effect on economic, social and human rights

are adequate in prioritising policies for equality impact assessment

- Which of Ofreg's policies should be given top priority in drawing up an equality impact assessment programme
- Whether there are policies which could usefully be grouped together to make equality

impact assessments more meaningful

When Phase II of the consultation process is completed (by 31 July 2001) Ofreg will publish its conclusions about which of its policies should be the subject of impact assessments. The screening report will include:

- The policies to be impact assessed and a timetable for impact assessment
- A note of those policies which Consultees believe should be impact assessed but which Ofreg has decided not to impact assess

The timetable in Annex C will be revised to take the report into account. This approach has been agreed by the Equality Commission.

- 4.4 Phase II of the screening process will follow the consultation procedures outlined in Section 8 of this Scheme.
- 4.5 For the purposes of the proposed equality impact assessments of the activities identified in para 4.2, related programmes within each activity area may be grouped together for one assessment.
- 4.6 Equality impact assessments will involve detailed consideration of available data and the possible commissioning of new research to enable assessments to be carried out on the impact of Ofreg's activities on the Section 75 groups. Ofreg will consult with representative bodies to identify further sources of information during the assessment, and will alert the public and relevant groups about the activity being assessed and invite their comments and input to the exercise.
- 4.7 Ofreg will carry out equality impact assessments, in accordance with Annex 1 of the Equality Commission's Guidelines and work commissioned by the Equality Commission in addition to guidance from the Office of the First Minister & Deputy First Minister.
- 4.8 Before the introduction of any new activities Ofreg will carry out a screening process, and an equality impact assessment if necessary, to identify whether there would be any impact on the promotion of equality of opportunity and whether greater equality of opportunity could be promoted. Such an assessment would involve consultation to draw together all available qualitative and quantitative data from both internal and external sources to inform the process.
- 4.9 Responsibility for energy legislation lies with the Department of Enterprise, Trade and Investment. Where however, a proposal for legislation is being put forward Ofreg will assist, where necessary, with the preparation of a summary assessment of implications for the statutory equality obligations for inclusion in the paper to the Minister and with the Explanatory Memorandum to the Assembly Committee considering the Bill.

ANNEX C

CONSULTATION LIST

AEEU

Age Concern

Association of Chief Officers of Voluntary Organisations

ATGWU

Belfast Centre for the Unemployed

Belfast Travellers Sites Project

Blind Centre (NI)

Carafriend

Chief Executives' Forum

Churches: Church of Ireland
Methodist Church
Presbyterian Church
Roman Catholic Church

Coalition on Sexual Orientation (CoSO)
Community Relations Council
Craigavon Standing Conference of Women's Organisations
Disability Action
District Councils
East Belfast Development Agency
Enterprise, Trade and Investment Assembly Committee
Equality Commission
Equality Officers – NI Departments
Federation of Small Businesses
Fermanagh Women's Network
Foyle Women's Network
Gas and Electricity Licence-holders
General Consumer Council for Northern Ireland
Gingerbread
GMB
Health and Social Services Councils
Help the Aged
Law Centre Northern Ireland
Mental Health Commission
Multi-cultural Resource Centre
National Energy Action Charity
Newry & Mourne Women
NIACAB
NIACT
NICCE
NICVA
NIC/ICTU
NIPSA
North West Community Network
North West Forum of People with Disabilities
Northern Ireland Anti-Poverty Network
Northern Ireland Assembly Members
Northern Ireland Council for Ethnic Minorities
Northern Ireland Gay Rights Association (NIGRA)
Northern Ireland Human Rights Commission
Northern Ireland MPs
All Northern Ireland Political Parties
Northern Ireland Women's European Platform
Northern Ireland Youth Forum
Omagh Women's Area Network
Putting Children First
RNID
Rural Community Network
Student Housing Associations

Universities

West Belfast Economic Forum

Women's Forum

Women's Information Group

Women's Support Network

Youth Council for Northern Ireland