

**Consultation on Phoenix Natural Gas  
Limited Price Control Draft Proposals  
2012-13**



*Campaigning for Warm Homes*

**NEA NI - Consultation Response**

**October 2011**



## **Consultation on the Phoenix Natural Gas Limited Price Control Draft Proposals**

National Energy Action Northern Ireland (NEA NI) welcomes the opportunity to respond to this consultation from the Northern Ireland Authority for Utility Regulation (NIAUR) on the 'Phoenix Natural Gas Limited Price Control Draft Proposals'.

NEA is the fuel poverty charity working throughout the United Kingdom, with offices in each of the devolved administrations.

Progress had been made in reducing Fuel Poverty in Northern Ireland between 2001 and 2004 (from 27% to 23%) but by 2006 the rate of fuel poverty had increased to 34%, largely as a result of the very significant increases in the price of fuel.

The most recent Northern Ireland House Condition Survey 2009, carried out by the Northern Ireland Housing Executive, states that some 44% of households in Northern Ireland are now in fuel poverty<sup>1</sup>. The Survey also indicates the differing levels of fuel poverty in each of the housing tenures in Northern Ireland. The Survey states that, 40% of people living in owner occupied accommodation are in fuel poverty; 55% of people living in private rented accommodation are in fuel poverty and 51% of people living in social housing are in fuel poverty<sup>2</sup>.

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<sup>1</sup> Northern Ireland House Condition Survey 2009

<sup>2</sup> Northern Ireland House Condition Survey 2009



## NIAUR mandate

NEA NI welcome the context in which the NIAUR has brought forward this Consultation paper. We, as the leading fuel poverty charity, are encouraged that the NIAUR see a duty and mandate to “secure the most cost effective outcome for the consumer”. Indeed, as the level of fuel poverty in Northern Ireland is currently at 44%, a Regulator that is focused on achieving a competitive domestic energy price is essential.

The fact is that the Northern Ireland customer currently spends more on heating and lighting than their Great Britain counterparts; which of course impacts negatively on low income households. Thus, fuel poverty rates are closely linked to household income levels; the table below highlights the correlation between annual household income and the prevalence of fuel poverty.<sup>3</sup> The table below illustrates the extent to which low income predisposes individual households to fuel poverty in Northern Ireland.

<b>Fuel poverty and household income</b>			
Annual household income	% in fuel poverty 2009	% in fuel poverty 2006	% in fuel poverty 2001
Less than £7,000	86%	75%	68%
£7,000 and £29,999	52%	26%	11%
£30,000 or more	3%	3%	Less than 1%
Overall FP Rate	44%	34%	27%

The statistical evidence above highlights the need for robust regulatory systems to protect customers in Northern Ireland. As highlighted above the current cost of energy is plunging further households into fuel poverty and therefore we call on the NIAUR to investigate the introduction of Social

<sup>3</sup> Northern Ireland House Condition Survey 2009, NIHE, 2011.



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Tariffs into the Northern Ireland market. The introduction of a Social Tariff, one that builds on the lessons learned from Great Britain, could help achieve affordable energy for the most vulnerable households in Northern Ireland; particularly those pensioners receiving pension credit.

NEA NI would suggest that the NIAUR develop proposals around Social Tariffs. This further investigation is within the remit of the NIAUR and could result in a practical solution for fuel poor households in Northern Ireland.