



## The Consumer Council for Northern Ireland response to the Utility Regulator SONI TSO Licence Modifications Price Control 2020-2025

21 October 2021

### The Consumer Council

1. 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.
2. The Consumer Council has specific statutory duties in relation to energy, postal services, transport, and water and sewerage. These include considering consumer complaints and enquiries, carrying out research, and educating and informing consumers.

### Consumer Principles

3. 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: The Consumer Council's Eight Consumer Principles





4. The consumer principles also establish a common language that all stakeholders (Government, Regulator, Consumer Advisory Body, and the Company) can use to meaningfully and constructively engage with consumers to develop trust and a better understanding of the value for money a company/price control can provide.
5. The Consumer Council welcomes the publication of the licence modifications pursuant to the SONI 2020-2025 Price Control final determination. We responded to the original Draft Determination in September 2020<sup>1</sup> and the draft guidance on the application of the conditional cost sharing arrangements introduced as part of the UR final determinations on SONI's price control for the 2020 - 2025.
6. We commissioned SLG Economics Ltd to scrutinise and analyse the Draft Determination from a consumer perspective and to make recommendations on how the UR can better protect consumers<sup>2</sup>. Given the very complex and technical nature of this particular price control, an expert economic analysis providing the consumer perspective was necessary. While we have no additional policy recommendations to submit further to the final determination, we would like to make a number of comments in respect of our recommendations:

#### **Cost Remuneration**

7. We were pleased that the UR acknowledged our recommendation from the Draft Determination on altering burden of proof. In addition on the position of transparency it is important that it has been recognised that information is presented in a way that enables stakeholders to engage with this information.

#### **Asymmetrical rewards and penalties**

8. Annex 2 of the final determination settled the maximum financial reward at £1.25million. This is welcome given we had responded that £3million, under SONI's proposed framework, was not in consumers' best interests.

#### **The number of scored areas**

9. As part of 'Service and outcomes' in Annex 2, the Draft Determination recommended the independent assessment panel would determine a score in 16 separate areas (made up of scores for each of four roles across the four TSO outcomes). We recommended a reduction of the 16 different combinations of role and output due to the large number of different areas to evaluate and appreciate that this was actioned.

#### **Stakeholder panels**

10. We were pleased to see some of our recommendations taken on regarding the composition of panels and would hope that the evaluation panel will include an individual or individuals with

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<sup>1</sup> <https://www.consumercouncil.org.uk/policy-research/publications/consumer-council-northern-ireland-response-utility-regulator-draft>

<sup>2</sup> [https://www.consumercouncil.org.uk/sites/default/files/2020-09/SLG\\_Economics\\_Report\\_on\\_Review\\_of\\_SONI\\_Draft\\_Determination.pdf](https://www.consumercouncil.org.uk/sites/default/files/2020-09/SLG_Economics_Report_on_Review_of_SONI_Draft_Determination.pdf)



significant experience and understanding as to how the decisions of SONI will impact the end user i.e. the consumer.

**Final determination on two types of uncertainty mechanisms available**

11. We appreciate that the UR acknowledged 'that there should be clear accounting for the baseline and additional allowances and obligations, so that they can be properly reconciled at the end of the control period and any under-delivery accounted for in the subsequent control period.'
12. In addition, 'SONI should have to demonstrate that any changes to allowances are in consumers' interests and reflect consumers' requirements, and that only efficient additional costs are being allowed.' We are grateful that the UR agreed with this principle and considered that it would be incorporated into their approach and decision-making.

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