



Call for Evidence on Protection for Consumers During Energy Decarbonisation

Summary of Stakeholder Feedback:
Areas for Further Consideration

27 March 2024

About the Utility Regulator

The Utility Regulator is the economic regulator for electricity, gas and water in Northern Ireland. We are the only multi-sectoral economic regulator in the UK covering both energy and water.

We are an independent non-ministerial government department and our main duty is to promote and protect the short- and long-term interests of consumers.

Our role is to make sure that the energy and water utility industries in Northern Ireland are regulated, and developed within ministerial policy, as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly.

We are based at Queens House in Belfast. The Chief Executive and two Executive Directors lead teams in each of the main functional areas in the organisation: CEO Office; Price Controls, Networks and Energy Futures; and Markets and Consumer Protection.



Our mission

To protect the short- and long-term interests of consumers of electricity, gas and water.



Our vision

To ensure value and sustainability in energy and water.



Our values

- Be a best practice regulator: transparent, consistent, proportionate, accountable and targeted.
- Be professional – listening, explaining and acting with integrity.
- Be a collaborative, co-operative and learning team.
- Be motivated and empowered to make a difference.

About the Consumer Council

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. 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, educating and informing consumers and providing information to public authorities.

Consumer Principles

We use the eight consumer principles shown below 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.



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 can provide.

Abstract

The purpose of this paper is to present a summary of the feedback and areas for further consideration from the responses to the Call for Evidence on Protection for Consumers During Energy Decarbonisation.

Audience

The primary audience is for the Department for the Economy, but the paper is also for wider public reading.

Consumer impact

This paper aims to provide insight into the protections energy consumers will need as the energy transition progresses.

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1. Introduction and background

Purpose of the Paper

- 1.1 To fulfil Action 3 in the Department for Economy (DfE) Energy Strategy – Path to Net Zero – Action Plan¹, in December 2022 the Utility Regulator (UR) and Consumer Council for NI (CCNI) jointly produced a Call for Evidence (CfE)² on how energy consumers will need protected during the transition to a decarbonised energy system.
- 1.2 The purpose of this paper is to present a high-level summary of the responses to the CfE as well as identifying the key themes and areas for further consideration that have emerged from the feedback.
- 1.3 The paper will be a useful contribution to emerging thinking on how a “Just Transition³” to decarbonisation required by new NI Climate Change legislation⁴ can be delivered in Northern Ireland.

Department for Economy’s Energy Strategy and Call for Evidence on Future Consumer Protections

- 1.4 In December 2021 DfE published the Northern Ireland Energy Strategy – ‘Path to Net Zero Energy’⁵, setting out changes to the energy system that are required to deliver Government commitments towards decarbonisation.
- 1.5 Following the release of the Energy Strategy, DfE issued the Action Plan for 2022, which detailed the 22 consumer-centric actions for both DfE and other stakeholders to progress the Energy Strategy objectives.
- 1.6 Action 3 signalled the starting point in the development of policies that could potentially protect consumers throughout the energy transition with the requirement to ***“issue a call for evidence on protection for consumers during energy decarbonisation”***.
- 1.7 DfE asked UR and CCNI to develop and issue this CfE. The aim of the document was to identify the future need for the protection of energy consumers during the transition to net zero energy.

¹ [Energy Strategy - Path to Net Zero Energy - Action Plan | Department for the Economy \(economy-ni.gov.uk\)](https://www.economy-ni.gov.uk)

² [Protecting consumers during the energy transition to net zero: Call for evidence | Utility Regulator \(uregni.gov.uk\)](https://www.uregni.gov.uk)

³ A just transition is defined as ensuring that no one is left behind or pushed behind in the transition to low-carbon and environmentally sustainable economies and societies.

⁴ [Climate Change Act \(Northern Ireland\) 2022 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

⁵ [Northern Ireland Energy Strategy ‘Path to Net Zero Energy’ | Department for the Economy \(economy-ni.gov.uk\)](https://www.economy-ni.gov.uk)

1.8 The CfE was published jointly by UR and CCNI in December 2022 and included a Lessons Learned Report (LLR), which was developed by carrying out an extensive literature review. The purpose of the LLR was to provide insight into lessons learned from other jurisdictions on their approach to consumer protection during the energy transition to net zero and provide context and structure to the CfE.

1.9 Following the publication of the CfE, seven responses were received. These responses provided insights from stakeholders on the different questions asked within the CfE document on how consumers will need protected as the energy transition to net zero develops.

Key considerations within Call for Evidence

1.10 This paper sets out the key areas for focus emerging from the responses to the CfE which can be used as an evidence base for developing and implementing relevant consumer protection policies in NI in the transition to net zero energy.

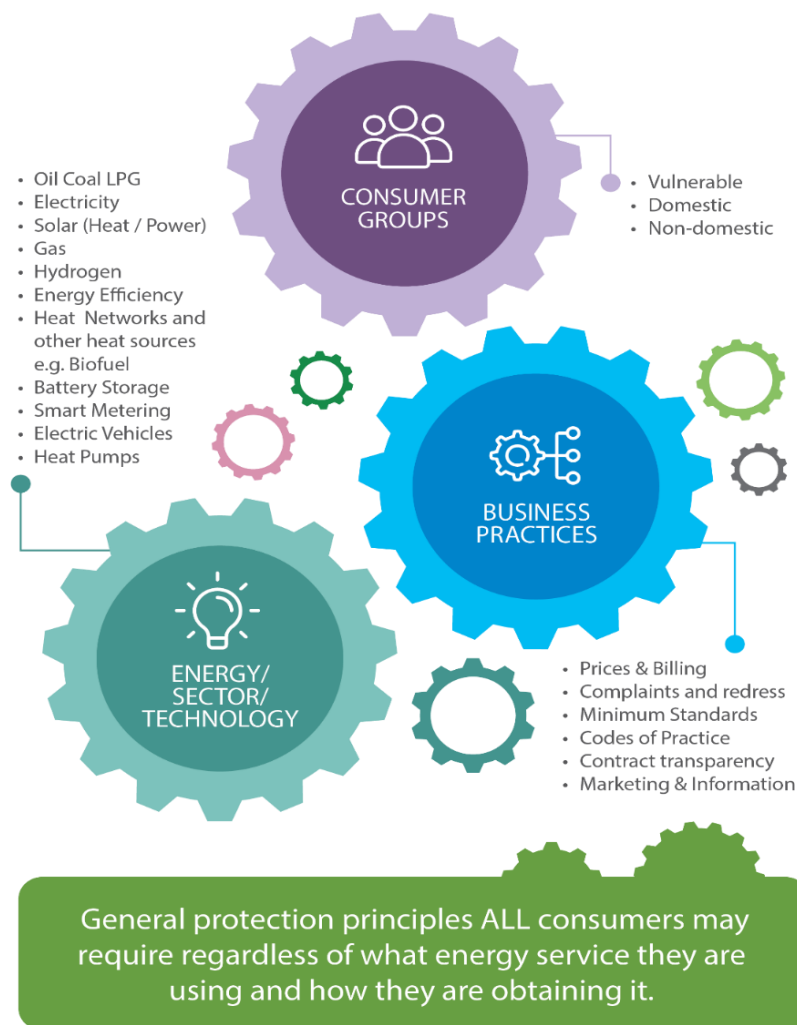
1.11 The CfE sought evidence and views on several key areas regarding how energy consumers could be protected during the transition to net zero energy:

- The current consumer protection landscape. This included a high-level overview of the different responsibilities and powers of the UR, CCNI, Trading Standards Service NI (TSS) and the Competition and Market Authority (CMA). This overview can be found in Appendix I.
- Potential principles and goals for energy consumer protection in a future-looking context.
- Three suggested dimensions for considering future consumer protections:
 - I. Coverage in terms of energy types, sector, and technology. These include the different reasons for energy use e.g., heat, and the different technologies and sectors consumers will use to access and obtain energy.
 - II. Business practices (with consumer impacts and outcomes). These include the different mechanisms an energy supplier/provider will engage with a consumer to achieve outcomes for that consumer.
 - III. Which groups of energy consumers need covered. These include the different consumer types beyond just “all consumers”, including vulnerable; industrial and commercial; microbusiness;

public sector; voluntary and community sector.

- 1.12 Finally, the CfE sought views on the proposal that all energy consumers, regardless of how they obtain their energy and what they are using energy for, will require a baseline level of protection. This protection can be set out in **general protection principles** that are applicable to every energy consumer.
- 1.13 The three dimensions, along with the need for general protection principles are detailed below in Figure 1:

Figure 1: Different dimensions for consideration within a future Consumer Protection Framework



1.14 Alongside the publication of the CfE, CCNI concurrently undertook research through the Consumer Forum, a series of consumer focus groups that directly assessed domestic consumers' opinions on the need for the protection of energy consumers throughout decarbonisation. The findings of this research were published in September 2023 and are contained in Appendix II.

1.15 The purpose of the CCNI Consumer Forum was to gather evidence of public attitudes which would provide insights into the level of consumer protection required to meet established net zero goals. The research provided insights into the level of consumer support, type of regulation, and amount of education required to meet net zero goals.

1.16 The findings of the report identified consumer protection as a baseline requirement if consumers are to adopt new energy technologies and practices. The insights generated from the Consumer Forum include:

- Participants expressed a concern about the cost of switching to new technologies. Participants noted financial assistance will be required by vulnerable consumers.
- Participants were worried about possible bad business practices including mis-selling, fraud, poor installation and maintenance, and the asset life of new technologies.
- Participants expressed worries about inadequate information to enable them to make information choices and the need for an ultimate arbiter in place if complaints reach an impasse.

1.17 These findings were echoed in the three main themes which emerged from the CCNI research, which are outlined below:

Theme 1: Affordability

1.18 Consumer Forum participants explained that consumers are concerned they might face loss or harm due to the cost of switching to new technologies and receive insufficient financial support for high upfront costs. Participants highlighted that carefully targeted, extra protection would be needed for those consumers in need of financial help, those who might be inexperienced with technology, and people with health problems or disabilities.

Theme 2: Protection

1.19 Participants were worried about possible bad business practices including the potential of being mis-sold technology that subsequently fails to meet either current or future standards, fraudulent behaviour by suppliers or

installers and, whether products will be fit for purpose for a reasonable length of time. Forum participants also highlighted fears that installers may not be fully competent in installing new technology products and sought implementation of installer certification and/or trusted supplier lists. Participants also explained they would like a clear system for escalating a complaint with an ultimate arbiter in place if complaints reach an impasse.

Theme 3: Trust

- 1.20 Participants expressed worries about inadequate information to enable them to make informed choices, with protection needed from fraud when participating in new markets. They stated that they want explanations to be given to them, in plain language which is free from jargon. They would like to see price comparisons for energy supply and for the purchase and installation of technology and they explained that they needed to know where to go if things go wrong.
- 1.21 These themes identified by the CCNI research were also echoed in the feedback received to the CfE.

2. Feedback and areas of focus from Call for Evidence responses

- 2.1 This Section examines the feedback received to the CfE and the main areas of focus from the responses.
- 2.2 The purpose of the CfE and LLR was to build an evidence base to inform DfE what areas may require further consideration in the development of future consumer protections.

Call for Evidence feedback and emerging areas of focus

- 2.3 A number of common messages and areas of focus were identified from the feedback received to the CfE. It should be noted that the CFE feedback largely echoed the findings contained within the LLR published alongside the CfE, **providing evidence therefore that the consumer protection issues identified in the NI context were also seen in other jurisdictions during similar work.**
- 2.4 A clear message from the responses to the CfE is that the consumer should be the focus of the energy transition. It was identified in the responses that to protect consumers from harm as part of a just transition, energy products and services should be designed so all consumers are able to access these services and use them at a fair price. This feedback resonates with the DfE principle that consumers should be at the heart of energy thinking, committing to “*develop policies that enable and protect consumers through the energy transition.*” This approach should help the delivery of a just transition.
- 2.5 Seven responses were received to the CfE, these are contained in Appendix III. Through detailed analysis of the feedback, a number of areas of focus emerged. In this context, we have grouped the feedback under these in further detail below.

1. All consumers need protected regardless of their heat or energy source. Vulnerable consumers may need specific targeted protections as well as those with potential of being left behind in the energy transition.

Key Insight

All consumers are potentially vulnerable throughout decarbonisation and some consumers in vulnerable circumstances will need additional protections. There is a need for consistency in application of protections for all energy consumers regardless of heat or energy source.

- 2.1 A clear message from the responses is that all consumers will require better protection regardless of their heat or energy source or the technology they use to avail of heat or power. Additionally, most respondents identified vulnerable consumers as a priority. This includes the ‘transient vulnerable’⁶ and those at risk of being “left behind” in the transition (e.g. because they cannot afford to adopt new energy technologies, or they do not possess the ability to adapt to future energy system changes).
- 2.2 A cohort of respondents stated that all fuel sources require a form of regulation. A lack of regulation for fuel sources will result in a lack of protection for their consumers. This may exacerbate vulnerability and disengagement as the energy transition progresses. Consumer protection is therefore needed for all industry sectors within energy throughout the transition.
- 2.3 Responses showed an overwhelming opinion that decarbonisation means change for every consumer. Indeed, respondents noted an increased need for protection currently not covered by existing frameworks and, in addition, the need for consistent consumer standards across all service providers. In their responses, an energy industry body and a housing sector organisation expressed a ‘holistic’ need for protection but also expressed the necessity for additional protections for those with various physical or communication needs. Specific reference was also made to ‘off-grid’⁷ consumers who are presently at a disadvantage from choice of fuel.
- 2.4 One respondent noted that with the transition comes increased choice between energy products and services across which consumer protection will be needed. It was noted that all consumers will be impacted by the energy transition but that they are not homogenous and will need bespoke

⁶ Transient vulnerability is when a customer who had not previously been vulnerable becomes so because of specific circumstances at certain time or period in their lives.

⁷ Off-grid consumers are not connected to the supply of natural gas.

and tailored support with the right information and incentivisation. Protection should be there throughout each aspect of the consumer journey and respondents were of the view that it should apply to all organisations involved including suppliers, installers of new technologies and/or premises retrofit measures and advice agencies.

2. Need for a hybrid of both mandatory principles and prescriptive rules.

Key Insights

Stakeholders view the best way forward to be a “hybrid” approach to enhanced consumer protection, that includes both overarching principles, but also additional clear guidance on implementation. Respondents, in parallel, highlighted the potentially complicating factor of the need for flexibility to enable innovation to drive decarbonisation. Focus group participants indicated a need for rules in certain aspects of consumer protection such as safety, supply and quality. There is a requirement for consistency in application of approach across all energy sectors.

- 2.5 Respondents identified that there is risk attached to either entirely prescriptive or an entirely principles-based model for consumer protection. Most respondents welcomed a hybrid framework that combines a less prescriptive, outcomes-based approach, accompanied by clear and accessible guidance on how to apply principles including implementation of rules such as minimum performance standards or codes of practice.
- 2.6 A model of entirely prescriptive rules was said to be potentially complex and rigid which could prevent innovation. An entirely principles-based model could be potentially open to manipulation and difficult to enforce compliance. Most respondents were of the view that the hybrid model allows flexibility for more innovation along with being able to focus on consumer protection priorities accordingly.
- 2.7 Respondents also identified a need for adequate clarity in the principles to ensure compliance and consistency across the industry. Where a ‘principles approach’ is adopted, respondents said that regulation should still be mandatory. One respondent suggested stakeholders should develop annual actions against the principles while another respondent expressed the view that the regulatory framework either restricts or prevents solutions being brought forward therefore highlighting the need for innovative approaches.

3. Protections need applied consistently across the energy sector (and entire consumer journey). A fair and ‘level playing field’ is needed along with holistic protection for consumers.

Key Insight

A consistent and smooth consumer journey is deemed to be essential, and a consumer protection framework should cover the activities of all energy market participants regardless of fuel type (and should include suppliers and installers).

- 2.8 All respondents recommended a joined-up approach across suppliers, installers, and consumer protection agencies to achieve a smooth customer journey to decarbonisation for all involved. A common theme included adequate clarity in the principles to ensure compliance and consistency across the industry regardless of the energy source, technology, or provider.
- 2.9 Two respondents noted there should be consistency to the protections afforded to all consumers, regardless of their energy source, technology or provider, that best meets their individual needs. The respondents considered that there should be an equal ask of all energy market participants in relation to consumer protection.
- 2.10 However, one respondent cautioned that consumer protection obligations should not serve as a barrier to entering the energy market. Another respondent stated there should be overarching consumer protection requirements on manufacturers and installers, not excluding any player in the supply chain.
- 2.11 Respondents acknowledged that consumer education is critical to improving levels of consumer protection. A respondent specified the need for clearer, consistent comparison tools which show cost per unit to consumers across the board, for every energy source. The respondent said this type of approach could also necessitate the standardisation of units and comparative cost per unit.

4. Potential to build on existing consumer protection frameworks (both UR, CCNI and wider).

Key Insight

Existing consumer protection frameworks and good practice should be applied to new technologies as they come to market, however they can only guide future frameworks so far. This approach should ensure there is no duplication where a relevant protection already exists or can be applied.

- 2.12 Respondents stressed the need for both understandable consumer friendly information and education about who enforces and regulates the frameworks. Additionally, a respondent noted that regulation for new smart and low carbon technology would benefit from mirroring existing frameworks, such as consumer-facing Codes of Practice, which could naturally be extended to take account of these new services as the energy transition progresses.
- 2.13 Respondents indicated that consumer protection frameworks will need specific reassessment to ensure they can adapt to the new challenges. One respondent stated that security of supply as a licence condition is currently based on fossil fuels and needs significant revision.
- 2.14 Another respondent indicated that current consumer protection frameworks already contain suitable types of protections for consumers engaging in the energy transition. However, as the energy mix changes and new technologies emerge, future consumer protection frameworks can only be guided so far by the existing frameworks.

5. The need for co-ordinated central leadership.

Key Insights

Stakeholders deemed that a collaborative approach with a clear delineation of leadership as important. A single governance organisation will be key to coordination of consumer facing issues during the energy transition rollout. Maintenance and development of established forums is viewed as a means to progress consumer protection activities.

- 2.15 A single focus for leadership on future consumer protection needs was identified as important – albeit that focus should be developed in a partnership model. Respondents felt that it is important that consumers are

aware of their statutory rights under consumer protection law and that businesses should communicate this to their customers. One respondent noted the need for access to a centralised repository for information related to rights and obligations for all energy related companies.

- 2.16 Another respondent noted frameworks exist to facilitate partnership working through well-established processes and policies, industry forums, and regular dialogue. The respondent stated that these should be utilised and, if needed, reformed to reflect what will be upcoming future consumer protection challenges. They noted that co-operation between the existing consumer protection organisations and government departments will be essential as the number of market participants increases and diversifies.
- 2.17 Respondents suggested that CCNI, UR, TSS and CMA will need to ensure an appropriate, coordinated approach with market participants that are providing products and services. A model of a collaborative approach, through direct engagement with consumers, could drive better consumer outcomes. One respondent was of the view that the public sector will play a vital role in the energy transition and have ambition, but collaboration and co-design is key.
- 2.18 Trust was generally identified by respondents as crucial. Charities were identified by a respondent as organisations that have trust within local communities and will have insight on consumers, including vulnerable consumers, that otherwise cannot be obtained. Any joined-up working should also set out to include the insight from charities.
- 2.19 One respondent stated that there should be a new independent governing body established, that would ensure a standard approach is adopted by all involved in delivery of a decarbonised energy system.

6. There is a need for appropriate redress – e.g. Ombudsman.

Key Insight

Consumers highly value a single organisation for energy system complaint and redress. Complaints processes should be clear and straightforward. Current process for energy related complaints in NI lacks a centralised independent complaints body for a final decision on the complaint.

- 2.20 A key component of protection, discussed by over half of the respondents, relates to complaints resolution and redress for when things go wrong. One respondent recommended a central body for all consumers regarding complaints with the power to act independently of all other governing bodies

and which should be completely impartial from the energy sector. The respondent recommended the creation of an independent ombudsman, similar to GB, which would incorporate all forms of energy regardless of on or off grid status, and duties should include issues regarding misinformation and complaint's redress.

- 2.21 At present energy consumers can raise complaints with CCNI. However, if consumers are not happy with the outcome, they are unable to escalate some types of issues to a centralised independent complaints body for a final decision on the complaint. A respondent stated this also leaves a lack of incentive for energy companies to resolve complaints before requiring independent arbitration. Therefore, as highlighted by the respondent, a new central body would also protect energy companies in relation to escalated complaints. They stated that when there is no final independent system of redress or penalty there is a risk of both apathy in consumers, and practices that lead to suboptimal outcomes for consumers occurring. The same respondent identified that proactive engagement between energy companies and energy customers could bring out issues for passive customers.
- 2.22 Similar findings were formed in the CCNI Energy Consumer Forum which identified that consumers would like to see a clear system for escalating a complaint if they are not satisfied with the outcome. Forum participants referred to an ombudsman, an issue which was also highlighted in the LLR. Respondents stated that the most important aspect of any final arbiter for CCNI Energy Consumer Forum participants was its independence.

7. Consideration of additional protections.

Key Insights

Areas such as smart metering, off-grid fuels and microgeneration need to be considered in the context of regulation.

- 2.23 One respondent recommended that the UR, in conjunction with DfE, could and should work to broaden (to the extent possible) their interpretation of the UR's existing mandate. Another respondent expressed the view that UR should be responsible for areas such as smart meters and microgeneration.
- 2.24 It was highlighted that there may be technologies that will require high quality installation and specifications which will demand suitably robust regulation. One respondent felt that non-regulated industries in the marketplace should have limited or no impact on the future of energy as regulation should be necessary where consumer money is involved. When asked for any insight beyond what was included in the CfE, it was also stated by the same

respondent there should not be a large amount of public money spent in unregulated areas.

- 2.25 Another respondent acknowledged that it was challenging having fossil fuels such as oil included in consumer protection considerations as they considered that fossil fuels should be phased out to achieve net zero. However, they felt that these consumers should also receive the same level of protection.

8. The need for independent, accurate and consistent information and advice across energy products and service which is easily accessible. Support for delivery of this through the One Stop Shop.

Key Insights

Clarity and transparency of information provided to consumers was stated by numerous respondents as an essential requirement. There should be easy to access, clear, accurate, and independent information on what products and services are available to consumers. Support was expressed for advice and information provision through the proposed One Stop Shop (OSS).

- 2.26 Informing and educating consumers was stated by multiple respondents as key to protecting them. It was stated that this needs to include clarity on who customers should contact and how when they need advice or support. Respondents noted that any information provided needs to be clear, impartial, appropriate and usable so consumers can engage in the energy transition. It also needs to be available in non-digital as well as digital formats. There was recognition that a particular focus on digital exclusion is needed as the digitally excluded⁸ will likely cross over with consumers with other vulnerable characteristics.
- 2.27 One respondent identified that clarity and transparency of pricing information is essential. They stated this will help consumers make decisions on what products and services are most suitable for them. They also suggested that pricing information should be comparable across competing energy sources.
- 2.28 Across respondents, it was noted there was a need for “pro-activity” on misinformation and that it is “imperative” consumers are protected from being misled. Misinformation and mis-selling were identified as leading to the exploitation of consumers, especially those that are vulnerable and also microbusinesses. This reinforces the need for an OSS approach to the

⁸ Digitally excluded consumers are those without or with reduced access to digital technology and the internet.

delivery of consumer information, advice and support. Respondents suggested the OSS would provide consumers with a needed single centralised point of contact for assistance and area for information.

- 2.29 It was stated that mandatory powers are needed regarding selling-strategies of energy companies. The CRU Marketing and Advertising Code of Practice was referenced by one respondent as covering “*any form of direct or indirect communication from suppliers or third parties acting on their behalf, that is intended to promote energy products, offers or deals and to influence those to whom the information is addressed.*”

9. The use of standard ‘quality mark,’ accreditations for installers and providers, and post-installation service standards.

Key Insight

A specific trusted quality mark will be needed to reflect a unified, equal and consistent approach across different energy services and products. This could usefully be linked to the One Stop Shop idea covered previously.

- 2.30 Two respondents noted the need for a quality mark as an essential way to protect consumers from mis-selling and poor-quality products when installing low carbon technologies and energy efficiency measures. It was stated by one of the respondents that a trusted quality mark will be needed to reflect a unified, equal and consistent approach across different products and services at all stages of the consumer journey. Without a quality mark it was stated that there is a risk that consumers choosing products or services will be left without the same guarantee of level of protection received.
- 2.31 A respondent identified the need to address how consumers can be protected in relation to building fabric improvements and this could necessitate co-ordination with both manufacturers and suppliers as well as the wider public sector. The quality assurance standard PAS 2035⁹ was provided as an example by a respondent as to what could be implemented. Another respondent cited the need for wider co-ordination is across and within the public sector, alongside other consumer protection organisations as well as wider industry (including manufacturers and suppliers). This may provide greater insight into the advantages and disadvantages of what the retrofit industry might endorse.

⁹ PAS 2035 is a framework to follow for the energy retrofit of domestic buildings. Guidance can be found at <https://www.bsigroup.com/en-GB/standards/pas-2035-2030/>

2.32 One respondent highlighted the value of ISO 22458¹⁰ (which has replaced ISO 184577) as an Inclusive Service Kitemark which demonstrates an understanding of the impact of customer vulnerability and adopting an inclusive and flexible approach to address vulnerability. Work in relation to adoption of ISO 22458 is being taken forward as part of the UR's Best Practice Framework consultation¹¹.

10. Appropriate tariffs and tariff structures are essential.

Key Insight

The transition will require the introduction of new and appropriate tariffs that can facilitate the delivery of net zero. Specific consideration required for tariffs for vulnerable customers or those likely to be left behind during the transition.

- 2.33 Respondents recognised the regulated tariff mechanism as being fundamental to consumer protection.
- 2.34 One respondent stated there is a need to expand time-of-use tariffs to enable delivery of decarbonised heating. The introduction of a social tariff for all social housing was also identified as a requirement, due to the fact that working poor are at highest risk from fuel poverty and are most likely to be unaware of how to apply for support.
- 2.35 It was also suggested that the UR should require suppliers to price match green tariffs with their lowest market tariff for social landlords.
- 2.36 Another respondent stated that smart metering will allow tariffs to be designed to allow customers to flex their demand to try to use electricity at the least cost possible. The respondent pointed out that current volume-driven tariff structures share fixed costs across all consumers, with those consuming more (proportionally) paying more. It was proposed consumers in the transition that cannot actively participate or reduce consumption should receive appropriate cost protection. Respondents said that tariff reform will be key to identifying risks in the current model and the adaption of fair tariffs across consumers.

11. Fairer connection charging for domestic and non-domestic consumers.

¹⁰ [ISO 22458:2022 - Consumer vulnerability — Requirements and guidelines for the design and delivery of inclusive service](#)

¹¹ [Best Practice Framework consultation published | Utility Regulator \(uregni.gov.uk\)](#)

Key Insight

High connection costs along with material reinforcement costs were identified as barriers to installation of both renewable generation and low carbon technologies (for both domestic and business customers).

- 2.37 One respondent stated that Low Carbon Technology (LCT) connections are at present more expensive than non-LCT connections and is therefore a barrier to the uptake of LCTs. Another respondent noted that businesses are moving to other jurisdictions due to current high connection costs to the network.
- 2.38 This is something that may potentially be addressed within the next UR connection policy review¹².

12. Need for financial assistance and grant funding.

Key Insights

Government funding needs to be considered across all consumer types. Linking funding to recognised industry standards could be incorporated into any funding model.

- 2.39 One respondent expressed the view that a greater number of finance options may be required to enable customers to fund LCTs. It was suggested that different business models e.g. long-term leasing, bundled heating equipment, ongoing running costs, should be considered.
- 2.40 A respondent used the example of the “PAS 2035 Whole House Retrofit standard” as a standard that already exists, and it was suggested linking this to any future government support. This would mean that only accredited installers could carry out work with a quality mark that is compliant with government grant requirements and would help deliver value for money for government expenditure.
- 2.41 Respondents identified that any potential government funding will need to be addressed across all consumer types including domestic, businesses and local government councils to support their engagement in the transition. Each sector’s role in the transition could be vital to achieving net zero targets and how each are funded will require consideration.

¹² [Extension to call for evidence on Electricity Connection Policy Framework Review | Utility Regulator \(uregni.gov.uk\)](https://www.uregni.gov.uk)

13. Indicative direction of travel needed so consumers can invest in the right technologies for them.

Key Insight

There will be new products, services and market entrants as the energy transition progresses. This will open consumers to increased choice but also increased potential for harm if they are not adequately protected across the energy industry.

- 2.42 A respondent identified that as the range and number of energy market participants increases, not all energy companies will have the same levels of understanding of consumer protection obligations. Impartial guidance on direction of travel for energy within NI will be essential to avoid ambiguity and misinterpretation so investments made by all types of domestic and non-domestic consumers are not wasted.
- 2.43 Moreover, three respondents identified that consumer choices will be affected by any information that is provided on the direction of travel for energy. One of these respondents noted that any consumer advice and guidance must steer consumers in the right direction in terms of choices that both benefit them as part of the overall energy transition.
- 2.44 A respondent identified there will be an increasing number of new suppliers that are smaller in nature and will provide a greater variety of products and services compared to what currently exists. The respondent considered that it will likely be more difficult to monitor adherence to any consumer protection standards for new market entrants as the levels of understanding of consumer protection requirements may not be so prevalent within new suppliers of products and services.

14. There should be a single customer care register that can be accessed by all utilities.

Key Insight

A single customer care register provides a range of services to support vulnerable consumers and will be key as the transition progresses.

- 2.45 The need for a single register of consumers in vulnerable circumstances that all utilities have access to was raised as a business practice that could be beneficial and an opportunity to heighten the level of support offered to customers. Voluntary registers that are generated by each separate energy



company were stated by one respondent as potentially leading to ambiguity and a lack of adherence to its aim.

- 2.46 The long-term goal of a single customer care register is being taken forward as part of the UR's BPF¹³.

¹³ [Best Practice Framework consultation published | Utility Regulator \(ureg.gov.uk\)](https://www.ureg.gov.uk/best-practice-framework-consultation)

3. Areas for further consideration

3.1 This section of the report outlines the potential areas which could be considered further by DfE. These have been established based on the feedback received to the CfE and the research carried out by CCNI. Building on existing frameworks would allow the development of new protections for consumers utilising fuels and technologies that emerge as the transition progresses, as well as energy sources currently not covered such as home heating oil and solid fuels.

3.2 The UR and CCNI are happy to engage further with DfE on this feedback and continue to work collaboratively on a way forward.

1. All consumers require protection

3.3 Within a just transition there is a need for all consumers to be protected. This includes protection for today's consumers including those using home heating oil and solid fuels, as well as any future protection frameworks taking into consideration a wider variety of consumer types using a greater number of different energy sources. There will need to be specific protections for vulnerable consumers, and a 'level-playing field' amongst and between all energy companies and suppliers of energy products and services.

2. Future direction

3.4 There is a risk that without clear direction, for example on what balance and mix of heating solutions are to be pursued, consumers may not actively participate in the energy transition. There is also a risk that they will invest in options which are less favourable for their needs and less likely to achieve decarbonisation targets. This could include an associated roadmap to set out milestones in the development, scaling up and roll-out of different low carbon technologies and energy efficiency options. This would provide clarity for industry as well as consumers.

3. Consideration of consumer protection roles

3.5 Along with a need for co-ordinated central leadership, there should be greater joined-up working across consumer protection bodies, across government and with the energy industry. This can be facilitated through building on existing roles/relationships of relevant consumer protection organisations.

4. Complaints, disputes and redress

3.6 Whilst CCNI has a role to investigate complaints, there is no independent final adjudication organisation to investigate and resolve all consumer

complaints and provide redress within NI. As a result, NI consumers are not benefiting from their supplier being incentivised to resolve complaints and remedy bad practice in the same way that GB consumers are. It may therefore need further consideration as to what independent organisation would be best placed to adjudicate and resolve complaints and the powers that would need to be ascribed to this body. This could include providing enhanced powers to an existing organisation or introducing an ombudsman to independently handle disputes between consumers and energy suppliers.

5. One Stop Shop

- 3.7 Respondents to the CfE emphasised the need for independent, accurate, consistent, and transparent information and advice, across energy sources that is easily accessible and understandable. The information and education that could potentially be provided by the proposed OSS could be a critical, proactive way to help consumers protect themselves. It will create trust in new technologies and therefore a higher likelihood that consumers will adopt them (helping to meet decarbonisation targets).

6. Quality mark

- 3.8 The use of a Government backed quality mark that represents a guarantee of adherence to standards that all consumers could easily recognise is something that could work in tandem with the OSS. Upgrading technology, and in the future, changing fuel types for heat will come with capital costs. Such a quality mark will provide consumers with confidence when incurring this expenditure. Businesses performing fabric updates or home retrofitting solutions could be registered on a database linked to the quality mark and this would provide assurance to domestic and non-domestic customers of the standard of their purchase.

7. Tariffs

- 3.9 Feedback indicated that there will be a requirement for new tariffs and tariff structures, which take account of vulnerable consumers and those at risk of being left behind in the energy transition. Therefore, further consideration is required in relation to the possible need for the introduction of some form of a “social tariff”. Preparation is also needed for time-of-use tariffs and green tariffs. How new tariffs would impact consumer charges and how they could be funded would also need explored.

8. Transparent pricing:

- 3.10 Feedback from a respondent indicated, from the consumer’s perspective, pricing should be transparent. This could be applied across all sources of heat including coal, home heating oil, natural gas, and any future heat

sources. To achieve price transparency would require legislative changes developed by DfE. This would enable consumers to compare products and services so they can choose what is right for their individual needs and circumstances.

9. Government funding and grants

- 3.11 To help ensure all consumers are protected and can participate in a just transition, there will be a need for government to consider financial support for consumers that will not be able to afford the associated upfront capital costs. The role that government funding and grants will play in enabling different types of consumers to participate in the energy transition should be considered, thereby protecting consumers from being left behind or availing of the wrong set of solutions for them. The optimal way to provide financial assistance also needs further consideration. This could include avenues such as loans, grant funding, or additional support through the benefit system.

4. Next steps

- 4.1 This paper has been presented to the DfE Senior Management Team to consider the areas identified for further consideration in Section 3.
- 4.2 CCNI undertook semi-structured interviews based on the CfE questions in December 2023 with installer organisations, and consumer facing organisations to help address the gap in responses from this group of stakeholders. They plan to publish the findings from this in the early 2024/25 financial year.

Appendix I: Consumer Protection Landscape

UR (Electricity, Gas, Water/Sewerage)	CCNI	Trading Standards	CMA
Licence Conditions place consumer protection related requirements on NI electricity, gas and water companies	Energy Order requirements including investigating complaints and ensuring legislation and regulation works effectively for consumers.	Ten coverage areas relevant to energy including Pricing, misleading information, and unfair contract terms.	Works so consumers can get a good deal when buying goods and services, and that businesses operate within the law.
Codes of Practice (for example including one for energy consumer Complaints handling, and one for energy company Marketing practices)	Particular regard for: Disabled or chronically sick; Consumers on low incomes: Rural consumers	Trading Standards do not investigate every complaint received and so have to prioritise work accordingly.	Works with statutory organisations and businesses to maintain effectiveness of markets and competition for consumers.
Price Controls to ensure prices are as low as possible	No statutory duty on home heating oil but issued Consumer Charter on oil with NI Oil Federation. This is a voluntary Code of Practice.	Decisions to act underpinned by information and evidence gathering.	Normally address breaches through mediation. Does not have powers to fine companies for non-compliance (unlike many other countries). Has ability to ask courts for enforcement.



Appendix II: CCNI Consumer Attitudes to Protection During Energy Decarbonisation



Appendix III: Responses Received to CfE