

# **Call for Evidence on Protection of Consumers During Energy Decarbonisation**

**The Consumer Council  
Utility Regulator**

**Power NI Response**

1 March 2023

## Introduction

Power NI welcomes the opportunity to respond to the UR and CCNI call for evidence regarding protection for consumers during energy decarbonisation. The road to net zero is going to be challenging and Power NI recognise that customers will need support, information, choice, and incentives to change behaviours to achieve this target.

## Specific Questions

Within the Consultation Paper a number of specific questions were posed. Power NI has, as requested within the paper, responded to each in turn:

***Q1: Is this overview missing anything material – please provide evidence and/or examples of any other relevant current protections which should be considered?***

***Power NI response:***

The current landscape outlined for consumer protection is robust, but Power NI feel it is worth noting the support suppliers provide towards the consumer protection landscape. As the UR is aware, Power NI is a customer centric supplier and goes to significant lengths to support customers, particularly those who are in vulnerable circumstances. This is a commitment which is central to Power NI's ethos and culture. Power NI offer a variety of measures to identify and support customers over and above what is required and have been doing so for many years.

Power NI is one of only 9 companies currently to have achieved ISO 22458 (an Inclusive Service Kitemark) and the only electricity supplier so far in NI. It is a new Inclusive Service Kitemark (ISO 22458 Certification) which recognises Power NI's ongoing commitment to offering an inclusive service for all of customers. It replaces BS18477 which Power NI previously achieved in 2021 and 2022. This ISO standard demonstrates that Power NI understand the impact of customer vulnerability and provide an inclusive and flexible approach to address it.

Given the cost of living crisis and customers struggling with their own personal circumstances, this Kitemark has never been more important and worth considering in terms of other consumer protections that could be put into place.

***Q2: How could the organisations outlined above effectively utilise existing consumer law as a toolkit for delivery of consumer protections in the context of energy transition?***

***Power NI response:***

No specific response.

***Q3: How can partnership working be facilitated better between each of the organisations outlined above to deliver a more joined up approach to effective protection for energy consumers in the context of energy transition?***

***Power NI response:***

No specific response.

**Q4: Are there specific identifiable gaps in the existing consumer protection frameworks to determine how future consumer protection frameworks could be improved providing more comprehensive coverage?**

**Power NI response:**

Current consumer protection framework is comprehensive, but to provide more comprehensive coverage may need to consider more mandatory powers particularly with regards to customer purchases around renewable technologies, selling strategies and information in the public domain.

**Q5: What consumer harms are we trying to protect against in the context of a decarbonised energy system? Please provide evidence / examples.**

**Power NI response:**

It is important to recognise, understand and reflect that customers are not a single homogenous group. Customers will need support, information, choice, and incentives to change behaviours which includes a range of options so that they can decide what meets their needs. Some customers will want to become fully immersed in the energy market, becoming prosumers and will actively engage in a decarbonised energy system and will be early adopters. Others will want to be informed and have a good understanding, while others will not be particularly interested in energy and require protection and confidence in the operation of the market and won't engage to the same extent as others. Providing support for these different customer groups, particularly those late adopters, will be complex and need to be managed well.

Customers need to be able to make an informed decision and therefore have the right information. Power NI's previous experience within the renewable market has shown that misinformation can lead to significant customer confusion. The move to a decarbonised energy system means customers will need to be protected against misselling of products and services – i.e., the wrong type of heating for a particular property type. Experience has shown that where misselling has taken place it is a long, arduous and in some cases costly process for the customer leaving them disillusioned.

Pricing will also be key area requiring protection to ensure that excessive pricing does not become an issue and customers are priced out of the market, particularly with regard to low carbon technologies.

There will be a fear of the unknown for customers, particularly the more vulnerable, who may need a more hand hold approach from advice through to the installation of any measures, aftercare etc, so protections around this would also need to be factored in.

**Q6: Which groups of market participants should the consumer protection be applied in the context of a decarbonised energy system e.g., suppliers, installers? Please provide evidence and/or examples.**

**Power NI response:**

Power NI believe the customer should always be the focus when making decisions, particularly when it comes to a new decarbonised energy system. Therefore, consumer protection should be applied to those involved at the forefront of delivering for the customer, from Suppliers through to those who are on the ground and in customers homes i.e. advice agencies, installers etc.

Whilst Power NI acknowledge it is easier to apply these requirements to suppliers in a highly regulated industry, other areas of the energy industry should not be forgotten and are arguably just as important in bringing customers along in the journey to a decarbonised energy system.

Ensuring a better customer experience through joined up approach to working between suppliers, installers etc will also be key. Power NI experience has been that equipment installers focus on the sale – more could be done to ensure that customers are on the optimal tariff once equipment has been installed, or make the supplier aware that a change of equipment has taken place in order to help the customer in what can be a complex journey.

**Q7: What are the benefits or the risks of delivering protections which are entirely prescriptive; entirely principles based; a hybrid of both prescriptive and principles?**

**Power NI response:**

The path to a decarbonised energy system will require new and innovative regulatory approaches. Innovation will come from electricity suppliers who have both the relationship with the customer and the inherent ability to offer aggregated routes to market. The immediate difficulty is that in many instances and in Power NI's specific case, the regulatory framework either restricts or prevents solutions being brought forward.

As the UR is aware Power NI has, particularly in the last number of years, put forward a number of innovative projects which required regulatory approval and a review of licence conditions to enable them to proceed. Whilst the approval of such projects has been welcome, the timescales for this approval has been long and at times putting Power NI at a competitive disadvantage.

A more hybrid approach, which would provide a fair approach for all to work from but also allows some flexibility for more innovation.

**Q8: Are there other approaches that could be considered, instead of or alongside principles based in an NI context? Please provide evidence and/or examples of alternatives?**

**Power NI response:**

Power NI believe the approach taken should ensure inclusivity and that all customers, depending on where they are on the journey are considered. Education and awareness raising will play a key part in bring customers along the journey.

**Q9: Are there examples / evidence of principles or rules that are fundamental to consumer protection specifically in the context of energy transition?**

**Power NI response:**

Power NI welcomes the work already completed by the UR to date on Consumer Protection, and has engaged with the UR throughout the Consumer Protection process and will continue to do so in order to deliver the detailed goals of the programme, particularly around Best Practice Framework and a new CPP for 2024-29. These will be particularly key in the context of energy transition as it moves forward.

**Q10: Please provide evidence, insight and/or examples of the types of protection which could be used for the various heat sources technologies and sectors and the advantages / disadvantages of these.**

**Power NI response:**

No specific response.

**Q11: Please provide evidence, insights and/or examples in relation to whether fuel for heating such as oil, coal or LPG should be included within any new consumer protection framework?**

**Power NI response:**

Whilst Power NI acknowledge it may be challenging to include other heating fuels such as coal, oil and LPG within the new consumer protection framework, Power NI feel that it is important that they are included.

Traditionally it has been relatively easy to pass such frameworks, costs etc onto electricity suppliers as it is a highly regulated industry, with a small number of suppliers being enforced by these. Given the high proportion of customers who rely on other fuels to heat their homes, most notably oil, then consumers should be awarded the same protections, particularly in the context of energy transition.

**Q12: What other insights on consumer protections in the transition do you think we should be considering?**

**Power NI response:**

Discussions in relation to the energy transition can often focus on grid development, smart technologies and niche or speculative schemes. At the heart of the energy sector are customers who ultimately pay for all of the upstream activities and to achieve the net zero target it is customer behavioural changes which will ultimately determine whether that target is met.

Providing customers with support in order to do this is key and as part of Power NI's commitment to customers, particularly those who are in vulnerable circumstances, Power NI is one of only 9 companies to have achieved ISO 22458 (an Inclusive Service Kitemark) and the only electricity supplier in NI so far. This new Inclusive Service Kitemark (ISO 22458 Certification) recognises Power NI's ongoing commitment to offering an inclusive service for all customers. It replaces BS18477 which Power NI previously achieved in 2021 and 2022.

This standard demonstrates that Power NI understand the impact of customer vulnerability and that we provide an inclusive and flexible approach to address it. In the midst of a cost of living crisis and with customers struggling with their own personal circumstances, this Kitemark never been more important, particularly moving forward in the energy transition. It also gives staff confidence and a sense of pride that Power NI is an inclusive organisation and staff have the right tools in place to deal with customers, particularly those more vulnerable, as best as possible.

***Q13: Please provide evidence, insights and/or examples of what other type of business practices should be considered in relation to protection during transition?***

***Power NI response:***

No specific response.

***Q14: Please provide evidence, insights and/or examples of what type of business practices should be prioritised for consumer protection in the context of the transition.***

***Power NI response:***

No specific response.

***Q15: Please provide any evidence, insights and/or examples of the optimal type of system for managing complaints and redress that could be employed for NI energy consumers.***

***Power NI response:***

A comprehensive complaints process is already in place for suppliers, with a CoP on complaint handling and internal processes and systems in place. Suppliers also work with the CCNI to deal with customer queries or complaints that may arise.

Power NI understands that a review of the Guaranteed Standards of Service (GSS) is to be carried out by the UR, which will provide more transparency for customers particularly when these standards are not met.

For other organisations in the energy sector like installers, product suppliers etc, independent bodies like Renewable Energy Consumer Code (RECC), provide customers wishing to install a small-scale heat or power generation unit for their homes the confidence and minimum service standards so that they can make an informed choice as to what best suits their needs. RECC membership is made up of installer companies or firms selling or leasing small-scale renewable or low carbon heat or power units. Whilst this provides the customer with confidence, it is worth noting that signing up to this is on a voluntary basis, and therefore not all active in this market will be members.

A voluntary approach would make any customer protection measures difficult to implement and whilst customers may turn to their supplier in the first instance with concerns, any independent body implemented would need to ensure a standard approach to all involved in delivery of decarbonised energy system.

***Q16: Please provide evidence, insights and/or examples of potential content, coverage and implementation of 'general protection principles' in a future NI consumer landscape.***

***Power NI response:***

No specific response.

***Q17: Please provide evidence, insights and/or examples as to what additional protections domestic consumers will likely need as the energy transition develops?***

***Power NI response:***

One area that would need to be considered is the cost of moving to a net zero, decarbonised energy system. Given the higher costs of low carbon technologies, compared to traditional system, more finance options may be required to allow customers to fund the installation. Financial service protections would need to be given some sort of consideration and ensuring that customers are protected when investigating finance as part of services available.

Different business models may also be used e.g. long term leasing, bundled heating equipment, ongoing running costs etc, all of which would need careful consideration in ensuring customers are protected whilst still allowing innovation.

***Q18: Please provide evidence, insights and/or examples to what additional protections vulnerable customers will likely need as the energy transition develops?***

***Power NI response:***

Many customers may be classed as vulnerable at some point in their lives, and it is important to recognise issues of transient or circumstantial vulnerability which can be short term or long term. Vulnerable customers are a key customer group, as they are going to be the ones that need the most support. At the heart of the energy sector are customers who ultimately pay for all of the upstream activities and to achieve the net zero target it is customer behavioural changes which will ultimately determine whether that target is met.

Any information which is prepared and intended for the public should always take into account not only those who are tech savvy but also those who are non-digital consumers with possibly varying vulnerabilities. Charities across Northern Ireland who represent vulnerable consumers should be involved in the decarbonisation transition. Ultimately the key is ensuring the customer has support they can trust.

Power NI currently has a Customer Care Register in place which provides a range of services to support vulnerable customers and will be a key customer group to focus on as the energy transition develops further.

***Q19: Please provide evidence, insights and/or examples as to what additional protections microbusinesses will likely need as the energy transition develops?***

***Power NI response:***

No specific response.

**Q20: Please provide evidence, insights and/or examples as to what additional protections industrial and commercial consumers will likely need as the energy transition develops.**

**Power NI response:**

No specific response.

**Q21: Please provide evidence, insights and/or examples as to what additional protections public sector consumers will likely need as the energy transition develops?**

**Power NI response:**

No specific response.

**Q22: Please provide evidence, insights and/or examples as to what additional protections voluntary and community sector consumers will likely need as the energy transition develops?**

**Power NI response:**

No specific response.

**Q23: When considering what consumers and protection areas may need covered, please provide evidence, insights and/or examples of what protection gaps should be prioritised, and how this prioritisation should be undertaken.**

**Power NI response:**

No specific response.