

# Protecting Consumers during Energy Transition to Net Zero

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**SGN**  
Natural Gas

## Consultation Questions

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

- One area highlighted is the lack of complaint ombudsman or similar for NI across all forms of energy, leaving consumers unable to escalate some issues, and no disincentive for mistreatment of consumers. A complaint ombudsman would also protect energy companies in relation to escalated complaints;
- Great protections on paper but lack of powers overall, or lack of use, create confidence issues within the public arena;
- Simplicity is key – currently it perhaps appears from a consumer perspective that nothing is easily navigated as there is no real central area of contact to direct consumers;
- There is a need for proactivity on misinformation;
- Non-regulated industries in the marketplace should have limited or zero impact on the future of energy – Regulation is necessary where consumer money is involved – public monies being spent in unregulated areas is a problem.

**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?**

- Fully utilising existing powers to their maximum where required, whilst seeking new more comprehensive powers to deal with any businesses not consistently adhering to rules or regulations;
- Ensuring transparency and proactivity in keeping consumers informed of existing law;
- More regulation and less use of principles voluntarily.

**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?**

- Clear and defined lines of communication between each organisation to ensure consumer queries are handled accordingly when received i.e., consumers are not simply instructed to phone elsewhere;
- Clear definition of roles and who is responsible for each part (ownership) – this transparency needs to be internal amongst the companies as well as clear and easily accessible for all consumers;
- There needs to be a desire for involvement from all parties, and to ‘think as one’ as opposed to individually;
- Realisation that authorities work for, and are answerable, to all consumers;
- There needs to be an overall APPROPRIATE independent governing body for all these organisations e.g., a government department with enforcement power on the authorities to deter, report and hold to account any poor performance.

**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?**

- Lack of simplicity, central area of information and joined up approach to an extent;
- Frameworks are not simplistic and easy to understand for the ‘general public’;
- Consumers need to have easy access to answers. Consumers need to know *how* they are being protected and exactly what their rights are;
- Rules need to be in place, principles enforced and reviewed to ensure adherence with high standards of performance.
- Consumers need to understand who actually regulates and enforces the frameworks, as well as who has the responsibility for updating and ensuring they are fit for purpose;

- Straightforward overarching rights for ALL energy consumers are important to have, regardless of tenure or customer type – once these are known by consumers, they will be better informed and directed to more bespoke rights.

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

- Complexity has been introduced by way of new energy sources. There is a need for straightforward overarching rights for ALL energy consumers, for example, all rules and principles should apply to all, with more specific sub rules implemented through licences etc. There should be no energy types that differ from this principle;
- Misinformation misleading consumer choices to energy sources in the short/medium term, that will ultimately inform consumer decision making and potentially push consumers in the direction of energy sources that are less likely to be the overall solution to NI decarbonisation;
- Ensuring a just transition by avoiding increasing the number of households in fuel poverty, including high install costs of 'new' heating systems and/or higher running costs than the fuel displaced;
- Lack of interest or trust in businesses and authorities charged with finding the decarbonisation solution(s);
- Any likelihood that consumers who have issues/concerns will be confused in where to turn to for help, or those that 'suffer in silence' continue to do so due to complexity of recourse and not knowing where to seek further advice.

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

- All groups of market participants irrespective of what energy market they operate in:
  - Consumers
  - Suppliers
  - Network operators
  - Energy producers
  - Installers
  - Consultants
  - Regulators
  - Independent bodies

**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?**

- Prescriptive rules
  - Pros
    - Reduced likelihood for ambiguity (black & white);
    - Everybody knows what is expected and what will occur if not adhered to;
    - Straightforward;
    - Lower chance of not being followed;
    - Only suitable market entrants are in existence.
  - Cons
    - To potentially avoid ambiguity, can require cumbersome and complex rules;

- May not be a 'one size fits all' rule and could require adaptation depending on energy source individual rules applying;
  - Very rigid with no sense of empowerment/autonomy for businesses;
  - Micromanagement at a cost.
- Principle based rules
    - Pros
      - Simple, can be more general to cover all energies/businesses;
      - Less onerous on businesses or energy sources, ensuring potential market entrants are not put off;
      - Part rules and part action based with autonomy.
    - Cons
      - Potentially open to manipulation/interpretation;
      - Can be seen as optional if voluntary, which could impact standards of protection across sectors;
      - Potential lack of ability for enforcement, leading to loss of trust from consumers.
  - Hybrid of both
    - Pros
      - Allows a balance to be struck and priority given to what is most important;
      - Entrants to markets could be put off by the major rules as these will not be voluntary.
    - Cons
      - Ensuring the rights of all consumers are appropriately represented;
      - Difficult to determine areas that could have the biggest drawback and require tighter rules/enforcements;
      - Could restrict energy source entrants.

**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?**

- We do not believe there is a better way than 'rules and principle', with the latter for less imperative areas;
- We do not believe the following should be considered:
  - Self-assessment of adherence – unlikely to work/costs of regulating;
  - Independent audit of performance – costs are unlikely to provide value for money.

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

- Consumers do not have an understanding of what the clear direction of travel should be with regard to their energy source. It is therefore imperative that consumers are protected from being misled, or persuaded to change too early, to alternatives that are not yet proven to be feasible as the medium/long term future of energy;
- Until future energy sources are clearly defined and identified, consumers need reliable information on how to affordably reduce their carbon footprint in a way that is most beneficial for their specific circumstances. For example, an oil consumer could significantly cut their carbon footprint in the short term by moving to

natural gas, whilst also ensuring they are connected to a gas network that has potential to supply a long-term solution to net zero e.g., biomethane, Hydrogen, etc;

- Protection from current trusted bodies representing consumers against misinformation based on spurious assumptions and mistruths. Social media is overflowing with so-called 'experts' with hidden agendas and it is important consumers are not misled into expensive mistakes;
- When adopting a principle for energy transition, 'green' assumptions need to be challenged robustly. For example, the current direction of travel for domestic transportation is electric vehicles, is there a credible future pathway that ensures carbon savings are appropriately accounted for, given that battery production and in some cases the generation of electricity are currently still carbon intensive;
- Consumers need to be able to gain bespoke insight into their own circumstances and directed to a potential low cost/maximum impact in the short and medium term, whilst being mindful of longer term future potential;
- Narrative around yet to be proven technologies, e.g., the narrative around heat pumps needs to be managed prior to a full and complete analysis including a CBA for *all* consumers. Consideration is imperative for potential 'early adopters' who may be influenced by unofficial sources, especially when the upfront costs can be a burden and there is no published, reliable evidence.

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

- Consumers should receive the same level of protection for all of the various heat sources technologies from manufacturing to supply. This should include, but not be limited to:
  - Access to a centralised repository for information related to rights and obligations on all energy related companies;
  - Simplified information which is easy to understand and utilise;
  - Additional help for the most vulnerable, whilst also realising that there are many classed as 'not vulnerable' but are borderline – potential widening of the net to capture such people but perhaps not to the full extent of a 'vulnerable' classification;
  - Strict rules in place for all energy suppliers, with recourse, if they are not adhered to;
  - Where a 'principles approach' is adopted, regulation should still be mandatory, with consequences to deter any offence;
  - Stronger enforceable powers given to appropriate independent bodies;
  - Stronger cohesive working between governing bodies;
  - Access to a complaints ombudsman.

**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?**

- All heating sources should be included in all consumer protection frameworks;
- A potential lack of support/protection for the consumer, and differing quantification of costs of fuel sources, in any unregulated market leaves all consumers, but particularly vulnerable consumers susceptible to manipulation.

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

- Clearer, consistent comparison tools for costs to consumers across the board for ALL, regardless of energy source – standardisation of units and comparative CPUs;
- Formation of an independent ombudsman, similar to GB, to protect ALL consumers regardless of on or off grid status, including covering all misinformation and complaints redress;
- Full protection for all via accessible impartial advice to aid consumers to make the right decision;
- Voluntary registers potentially leave too much opportunity for ambiguity, and lack of adherence, without appropriate redress where an energy company fails to appropriately adhere to policy;

- Proactive engagement with consumers regarding tariff selection and bespoke needs, rather than requiring the consumer to contact the energy provider.

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

- All of the above

**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.**

- Proactive engagement could bring out issues where passive customers may not speak up. This has the potential to lead to apathy in consumers and suboptimal practices going on without redress/penalty;
- A central governing body for consumers who will address the complaints and adjudicate on the outcome. This governing body should have the power to regulate all other governing bodies with regard to consumer complaint and should be completely impartial from the energy sector i.e., play no role in energy schemes, price controls etc. The governing body should adjudicate on the outcome of any complaint. This will protect both the consumer and the energy companies.

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

- It would be important that as a minimum, the following would be accessible:
  - Billing queries, calculations and complaints procedures;
  - Basic and simple guidance on each energy provider including:
    - 'who they are' and a direct dial to customer services;
    - connecting to their services;
    - minimum standards required;
    - complaints advice.
  - Principles need to be simple, transparent, comparable and readily available – adherence to them also needs to be mandatory for energy businesses;
  - Coverage of such principles should be aimed at protection of ALL consumers, regardless of status and tenure;
  - Proactivity can ensure that ALL consumers have a basic understanding of where to access information, who to reach out to, thus ensuring a smooth transaction for consumers and less likelihood for apathy.

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

- Clear, proactive messaging to act against misinformation about alternative sources – clear channels for help in making decisions;
- Clearer indications around what the short, medium and long term solutions are likely to be – important that messaging is clear so consumers can start to move towards decarbonisation;
- Simple comparison tools for consumers. Many households will be unaware that all energy types can be directly compared for value for money;
- Indicative direction of travel is important to ensure investment by consumers is not wasted and trust remains intact.

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

- Similar to Q17 with significantly more proactivity and sufficient aid available to help such consumers;
- With fuel poverty affecting even the 'working poor' now, the threshold on 'vulnerable' consumers could be widened or even ranked to ensure all domestic consumers gain sufficient additional protections where required;

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

- Similar to Q18, these businesses are perceived to be more knowledgeable than domestic consumers, but this may not always be the case;
- Transparent pricing and reasonable contract length;
- Easy comparisons with alternative energy sources to allow correct bespoke decisions to be made or advice to be sought;
- Like the domestic sector, microbusinesses are susceptible to misinformation.

**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?**

- Information and help accessing it is important to industry, whilst they will have more knowledge and incentive to act on energy sources, misinformation can also play a part, therefore better indications for the long term are necessary;
- Transparent pricing and reasonable contract length;
- Easy comparisons with alternative energy sources to allow correct bespoke decisions to be made or advice to be sought;
- We face 'dual fuel' situations where 'cheapest' sources are what is used, this could cost larger businesses more in future.

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

- Clear direction is the key to ensure public purse is not inappropriately spent;
- Likely to be a higher proportion of vulnerable and/or fuel poor consumers supplied by public sector organisations so significant protections necessary as above;
- Priority access to energy sources is necessary to ensure public services such as hospitals are never at risk of 'blackout' related to energy.

**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?**

- As above

**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 should this prioritisation be undertaken?**

- Lack of perceived cohesion;
- Gaps in information and transparency.