

**Consultation on the options for coordinating the  
relinquishing of firmus energy's supply  
exclusivity in the ten towns area**



***Campaigning for Warm Homes***

**NEA NI Consultation Response**

**September 2010**



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## **Consultations on the options for coordinating the relinquishing of firmus energy's supply exclusivity in the ten towns**

National Energy Action Northern Ireland (NEA NI) welcomes the opportunity to respond to the Northern Ireland Authority for Utility Regulation's consultation on 'The options for coordinating the relinquishing of firmus energy's supply exclusivity in the ten towns area'.

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

The definition of affordable warmth is where a household can achieve temperatures needed to maintain health and comfort for expenditure of less than 10% of income. NEA NI campaigns for affordable warmth in Northern Ireland.

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. This increase has had serious effects on the vulnerable in society. The cold is killing people in Northern Ireland with over 1,000 excess winter deaths in 2008/09. Alongside and attributed to fuel poverty is huge costs to the Health service, implications on mental health and well being as well as the detrimental educational impact on our children. The evidence to underpin this is in abundance. As a charity any opportunity to mitigate this or intervene is imperative. It is to this end that we have responded to the consultation with some broad views.



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## **Equity of Supply and Customer Confusion**

NEA NI, as the fuel poverty charity would like to see customer's needs, especially those of vulnerable customers, placed at the heart of any decision made in relation to the removal or extension of firmus energy's supply exclusivity. The consultation paper highlights the role of NIAUR in relation to gas but it should also be reminded of its role in protecting the Northern Ireland consumer. We are therefore disappointed about the lack of engagement around the paper and the potential impact on customers in the ten towns. We understand that some of the issues discussed are technical but believe that some in depth discussion with relevant stakeholders in the community could also have enabled the regulator to live out some of the values it espouses that is, to listen and to explain.

That said NEA NI would be supportive of one marketing opening date for domestic customers, April 2015. Without an in depth knowledge of the gas industry, this seems practical and would seem to avoid inevitable costs and confusion. We are however aware that the introduction of competition may inflate the price by a significant margin due to the regulated aspect of the distribution element of the current tariff. We therefore believe it is imperative that a strategy be adopted to assist as many households as possible to sign up to gas. Gas is a regulated fuel with payment options to assist with budgeting.

This strategy may also enable further penetration of gas within the area enabling price competition with oil. Over 70% of all domestic households in Northern Ireland use oil as their main source of heating; this is an unregulated fuel in terms of price and installation. NEA NI wants to see as many domestic homes as possible in Northern Ireland enabled to have real choice. NEA NI would like some further economic analysis on this issue.



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Gas heating is the preferred fuel for Government fuel poverty schemes, such as the Warm Homes Scheme, due to its efficiency and pricing structure and so long as competition reaps benefits for customers then NEA NI we would call for its promotion. The increased penetration of gas, all other things remaining equal, should bring about some competition within the oil sector.

### Conclusion

NEA NI believes:

- The promotion and extension of the gas network is vital in the eradication of fuel poverty in Northern Ireland. It is important to note that in England, the classification of a 'Hard to Treat' home is one that is off the Gas network.
- If competition brings about downward pressure on prices then this should be promoted but not at any cost.
- The introduction of competition in the domestic sector should open altogether in April 2015.

We thank you for the opportunity to respond to this consultation and look forward to working with you in the fight to eradicate fuel poverty in all households in Northern Ireland.