#### **EXPLANATORY MEMORANDUM TO**

# THE GAS (INDIVIDUAL STANDARDS OF PERFORMANCE) REGULATIONS (NORTHERN IRELAND) 2014

#### SR 2014 No. 60

#### 1. INTRODUCTION

- 1.1 This Explanatory Memorandum has been prepared by the Department of Enterprise, Trade and Investment ('the Department') to accompany the above Statutory Rule which is laid before the Northern Ireland Assembly.
- 1.2 The Statutory Rule is made by the Northern Ireland Authority for Utility Regulation ('**the Authority**'), with the consent of the Department, under sections 1 and 2 of the Energy Act (Northern Ireland) 2011 and is subject to the negative resolution procedure.

#### 2. PURPOSE

- 2.1 The Gas (Individual Standards of Performance) Regulations (Northern Ireland) 2014 ('the Gas Standards Regulations') establish prescribed customer standards for natural gas conveyors and suppliers in Northern Ireland whereby individual gas customers will get small, standard compensatory amounts when a gas conveyor or gas supplier fails to meet specified standards across eleven areas of service.
- 2.2 These individual standards of performance have been developed by the Authority, which is responsible for regulating the natural gas industry in Northern Ireland, in liaison with the Department.

#### 3. BACKGROUND

- 3.1 In line with the powers provided for in sections 1 and 2 of the Energy Act (Northern Ireland) 2011, the Authority is introducing two levels of service regime in the Northern Ireland gas industry:
  - Standards of performance in individual cases: these take the form of
    the above named Statutory Rule which is made by the Authority, with the
    consent of the Department, whereby individual customers get small,
    standard compensatory amounts when a gas conveyor or gas supplier
    fails to meet specified standards across eleven areas of service; and
  - Overall standards of performance: these are general targets set by the
    Authority within company licences for a gas company to achieve on nine
    areas of service. These are monitored by the licensee and reported upon
    on an annual basis. Overall standards of performance do not form part of
    the Statutory Rule.

- 3.2 Until now, there have been no guaranteed standards for the gas industry in Northern Ireland although such standards have been in place for a number of years for electricity customers under the Electricity (Standards of Performance) Regulations (NI) 1993, and for gas customers in Great Britain under the Gas (Standards of Performance) Regulations 2005.
- 3.3 The Gas Standards Regulations, drafted by the Authority to implement the proposed individual gas standards of service, are largely based upon the equivalent GB gas legislation but also reflect certain aspects of the electricity standards of performance in Northern Ireland.

#### 4. CONSULTATION

- 4.1 Following a market research study of 'Customer Views of the Guaranteed Standards Scheme' (May 2010), the Authority developed proposals for both individual and overall standards of performance for gas companies in Northern Ireland which issued for consultation in July 2011. Having considered all responses to this consultation, the Authority published a final proposals paper in May 2012 and developed draft Regulations to implement the individual standards of performance. The draft Regulations, which were largely based upon the equivalent GB gas legislation but which also reflected certain aspects of the standards of performance established for the electricity industry in Northern Ireland, were issued by the Authority for a final eight week public consultation in October 2013.
- 4.2 The consultation closed on 20 December 2013 with four responses, including three from the gas industry and one from the Consumer Council. The responses were broadly supportive of the need for individual standards of performance in the gas industry in Northern Ireland, but made a number of comments relevant to the detailed drafting of the Gas Standards Regulations and sought clarification on a few issues. In response, the Authority made a few minor changes to the Regulations, including amending the definitions of "working day" and "working hours" in order to ensure that they properly reflect current working practices in Northern Ireland.
- 4.3 The consultation on the draft Gas Standards Regulations and the Authority's decision paper may be found on its website at <a href="http://www.uregni.gov.uk/gas">http://www.uregni.gov.uk/gas</a>.

## **EQUALITY IMPACT**

- 5.1 In accordance with the requirements of Section 75 of the Northern Ireland Act 1998, the Authority carried out an equality screening exercise on the draft Gas Standards Regulations. The screening exercise concluded that all gas consumers in Northern Ireland, regardless of Section 75 category, should benefit from this policy. The new individual standards of performance for gas will offer protection to consumers in terms of service level from their gas supply and gas conveyance company.
- 5.2 The completed equality screening form is attached for further information at **Annex A**.

#### 6. REGULATORY IMPACT

- 6.1 The Authority does not anticipate that the individual standards of performance for gas will have a significant impact on small businesses. Small and medium-sized companies do, however, stand to benefit from the small compensatory payments to be made by gas companies when individual standards of performance are not met. These payments range from £25 to £125 depending on the standard which is breached.
- 6.2 The completed Regulatory Impact Assessment is attached for further information at **Annex B.**

#### 7. FINANICAL IMPLICATIONS

7.1 The Authority has advised that the Gas Standards Regulations will impose some additional costs on gas supply and conveyance companies as a result of any changes to policies or procedures necessary to meet these standards. The gas companies will also have to fund the small, compensatory payments to both business and domestic consumers when individual standards of performance of performance are not met. The Authority has determined that these costs must be borne by the gas company and will not be funded by the customer through the price control regime.

#### 8. SECTION 24 OF THE NORTHERN IRELAND ACT 1998

8.1 The Department has considered section 24 of the Northern Ireland Act 1998 and is satisfied that this Statutory Rule does not contravene the Act.

## 9. EU IMPLICATIONS

9.1 There are no negative implications for the EU or its Member States.

#### 10. PARITY OR REPLICATORY MEASURE

No.

#### 11. COMMENCEMENT

The Gas Standards Regulations shall come into force on 1<sup>st</sup> April 2014.

ENERGY DIVISION
DEPARTMENT OF ENTERPRISE, TRADE AND INVESTMENT
3 March 2014

#### **EQUALITY SCREENING FORM**

## Part 1. Policy scoping

The first stage of the screening process involves scoping the policy under consideration. The purpose of policy scoping is to help prepare the background and context and set out the aims and objectives for the policy, being screened. At this stage, scoping the policy will help identify potential constraints as well as opportunities and will help the policy maker work through the screening process on a step by step basis. Public authorities should remember that the Section 75 statutory duties apply to internal policies (relating to people who work for the authority), as well as external policies (relating

## Information about the policy

If so, explain how.

to those who are, or could be, served by the authority).

| Name of the policy  |
|---|
| Gas (Individual Standards of Performance) Regulations (Northern Ireland)  |
| Is this an existing, revised or a new policy?   |
| New policy  |
| What is it trying to achieve? (intended aims/outcomes)  |
| It is proposed to introduce standards of performance in the Northern Ireland Gas Industry.  |
| These will take the form of regulations set by the Northern Ireland Authority for Utility Regulation (the Authority), with the consent of the Department of Enterprise Trade and Investment (DETI), whereby individual customers get small, standard compensatory amounts when a gas company fails to deliver on prescribed levels of service. These standards will reflect similar provisions in the Electricity (Standards of Performance) Regulations (Northern Ireland) 1993 and the Gas (Standards of Performance) Regulations 2005 in Great Britain. Eleven standards of service have been proposed relating to gas suppliers and gas distributors. |
| Are there any Section 75 categories which might be expected to benefit from the intended policy?  |

It is expected that all gas consumers regardless of Section 75 category will benefit from this policy in that it will offer protection to the consumer in terms of service level from their supply or distribution company.

| Who initiated or wrote the policy?   |
|--|
| The Northern Ireland Authority for Utility Regulation  |
| Who owns and who implements the policy?  |
| The Northern Ireland Authority for Utility Regulation  |
|  |
| Implementation factors Are there any factors which could contribute to/detract from the intended aim/outcome of the policy/decision? |
| No   |
| If yes, are they   |
| financial  |
| legislative  |
| other, please specify  |
| Main stakeholders affected Who are the internal and external stakeholders (actual or potential) that the policy will impact upon?    |
| staff  |
| service users  |
| other public sector organisations  |
| voluntary/community/trade unions   |
| other, please specify  |
| Distributors and suppliers of gas in Northern Ireland  |
|  |
| Other policies with a bearing on this policy   |

• what are they?

Χ

The Energy Act (Northern Ireland) 2011 provides for the Authority, with the consent of DETI, to make regulations prescribing individual standards of performance which gas companies in Northern Ireland are expected to meet.

who owns them?

Department of Enterprise Trade and Investment (DETI)

#### Available evidence

Evidence to help inform the screening process may take many forms. Public authorities should ensure that their screening decision is informed by relevant data.

What evidence/information (both qualitative and quantitative) have you gathered to inform this policy? Specify details for each of the Section 75 categories.

The Authority commissioned a report published in May 2010 on 'Customer Views on the Guaranteed Standards Scheme' which analysed electricity, gas and water customers' views on standards of service in relation to utility services. The fieldwork for this study covered both domestic, and industrial and commercial consumers. In terms of domestic utility consumers, the qualitative phase comprised nine group discussions with a range of consumer types across Northern Ireland including older people, young families and people with disabilities, while the qualitative phase involved a face-to-face household survey of 1,503 domestic customers.

Drawing on the views expressed by customers, in July 2011, the Authority issued a consultation paper setting out 'Guaranteed Standards in Gas – Consultation Proposals' and subsequently published the document, 'Guaranteed Service Standards – Final Proposals' in April 2012. The purpose of these documents was to outline the proposed standards and the mechanisms used to introduce the standards. We received responses to the consultation from three parties. These responses have influenced the development of the standards and helped us to further understand their impact on consumers. For example, on the issue of the payment mechanism, one respondee stated that requiring customers to make a claim would present an unreasonable barrier for a majority of gas customers. As a result, the Authority determined that most payments should be automatic.

In addition, the Authority carried out a public consultation on the draft equality screening form, along with the proposed Regulations and a draft Regulatory Impact Assessment, to ensure that those involved in the Northern Ireland gas industry, consumer groups and the general public had an opportunity to respond to the proposed regulations. Respondees did not raise any specific equality-related issues.

| Section 75 category           | Details of evidence/information   |
|-------------------------------|---|
| Religious<br>belief           | The proposed Regulations on individual standards of performance are designed to impact positively on all gas customers. |
| Political opinion             | see above   |
| Racial group                  | see above   |
| Age                           | see above   |
| Marital status                | see above   |
| Sexual orientation            | see above   |
| Men and<br>women<br>generally | see above   |
| Disability                    | see above   |
| Dependants                    | see above   |

## Needs, experiences and priorities

Taking into account the information referred to above, what are the different needs, experiences and priorities of each of the following categories, in relation to the particular policy/decision? Specify details for each of the Section 75 categories:

| Section 75 category           | Details of needs/experiences/priorities   |  |
|-------------------------------|---|--|
| Religious<br>belief           | It is not considered that individuals in any of the Section 75 categories would have significantly different needs in relation to the Gas (Individual Standards of Performance) Regulations but care will need to be taken in implementing the Regulations to ensure that all gas customers are properly informed of their rights in relation to the new standards. |  |
| Political opinion             | As above  |  |
| Racial group                  | As above  |  |
| Age                           | As above  |  |
| Marital status                | As above  |  |
| Sexual orientation            | As above  |  |
| Men and<br>women<br>generally | As above  |  |
| Disability                    | As above  |  |
| Dependants                    | As above  |  |

## Part 2. Screening questions

#### Introduction

In making a decision as to whether or not there is a need to carry out an equality impact assessment, the public authority should consider its answers to the questions 1-4 which are given on pages 66-68 of this Guide.

If the public authority's conclusion is **none** in respect of all of the Section 75 equality of opportunity and/or good relations categories, then the public authority may decide to screen the policy out. If a policy is 'screened out' as having no relevance to equality of opportunity or good relations, a public authority should give details of the reasons for the decision taken.

If the public authority's conclusion is <u>major</u> in respect of one or more of the Section 75 equality of opportunity and/or good relations categories, then consideration should be given to subjecting the policy to the equality impact assessment procedure.

If the public authority's conclusion is <u>minor</u> in respect of one or more of the Section 75 equality categories and/or good relations categories, then consideration should still be given to proceeding with an equality impact assessment, or to:

- measures to mitigate the adverse impact; or
- the introduction of an alternative policy to better promote equality of opportunity and/or good relations.

## In favour of a 'major' impact

- a) The policy is significant in terms of its strategic importance;
- b) Potential equality impacts are unknown, because, for example, there is insufficient data upon which to make an assessment or because they are complex, and it would be appropriate to conduct an equality impact assessment in order to better assess them;
- Potential equality and/or good relations impacts are likely to be adverse or are likely to be experienced disproportionately by groups of people including those who are marginalised or disadvantaged;
- d) Further assessment offers a valuable way to examine the evidence and develop recommendations in respect of a policy about which there are concerns amongst affected individuals and representative groups, for example in respect of multiple identities;
- e) The policy is likely to be challenged by way of judicial review;
- f) The policy is significant in terms of expenditure.

## In favour of 'minor' impact

- a) The policy is not unlawfully discriminatory and any residual potential impacts on people are judged to be negligible;
- b) The policy, or certain proposals within it, are potentially unlawfully discriminatory, but this possibility can readily and easily be eliminated by making appropriate changes to the policy or by adopting appropriate mitigating measures;
- Any asymmetrical equality impacts caused by the policy are intentional because they are specifically designed to promote equality of opportunity for particular groups of disadvantaged people;
- d) By amending the policy there are better opportunities to better promote equality of opportunity and/or good relations.

#### In favour of none

a) The policy has no relevance to equality of opportunity or good relations.

b) The policy is purely technical in nature and will have no bearing in terms of its likely impact on equality of opportunity or good relations for people within the equality and good relations categories.

Taking into account the evidence presented above, consider and comment on the likely impact on equality of opportunity and good relations for those affected by this policy, in any way, for each of the equality and good relations categories, by applying the screening questions given overleaf and indicate the level of impact on the group i.e. minor, major or none.

## **Screening questions**

| this polic | What is the likely impact on equality of opportunity for those affected by this policy, for each of the Section 75 equality categories? minor/major/none |                  |  |
|------------|--|------------------|--|
| Section 75 | Details of policy impact   | Level of impact? |  |

| Section 75 category | Details of policy impact  Level of impact minor/major/n  |                        |
|---------------------|--|------------------------|
| Religious<br>belief | The proposed Regulations on individual standards of performance should impact positively on all gas customers and improve levels of consumer protection in the gas sector. | No differential impact |
| Political opinion   | As above   | No differential impact |
| Racial group        | As above   | No differential impact |
| Age                 | As above   | No differential impact |
| Marital<br>status   | As above   | No differential impact |
| Sexual orientation  | As above   | No differential impact |

| Men and<br>women<br>generally | As above | No differential impact |
|-------------------------------|----------|------------------------|
| Disability                    | As above | No differential impact |
| Dependants                    | As above | No differential        |

## 2 Are there opportunities to better promote equality of opportunity for people within the Section 75 equalities categories? Section 75 If **Yes**, provide details If No, provide reasons category Religious The Regulations are designed to help all gas customers and belief do not offer any opportunity to promote better equality of opportunity. **Political** As above. opinion Racial group As above. Age As above. **Marital** As above. status Sexual As above. orientation Men and As above. women generally

| Disability | As above. |
|------------|-----------|
| Dependants | As above. |

To what extent is the policy likely to impact on good relations between people of different religious belief, political opinion or racial group? minor/major/none

| Good relations category  Details of policy impact |           | Level of impact minor/major/none |  |
|---|-----------|----------------------------------|--|
| Religious<br>belief                               | No Impact | None                             |  |
| Political opinion                                 | No Impact | None                             |  |
| Racial group                                      | No Impact | None                             |  |

|                               | 4 Are there opportunities to better promote good relations between people of different religious belief, political opinion or racial group? |  |  |
|-------------------------------|---|--|--|
| Good<br>relations<br>category | If <b>Yes</b> , provide details   | If <b>No</b> , provide reasons   |  |
| Religious<br>belief           |   | The Regulations are designed to help all gas customers and do not offer any opportunity to promote good relations between people of different religious belief.  |  |
| Political opinion             |   | The Regulations are designed to help all gas customers and do not offer any opportunity to promote good relations between people of different political opinion. |  |
| Racial group                  |   | The Regulations are designed to help all gas customers and do not offer any opportunity to promote good relations between people of different racial groups.     |  |

## **Additional considerations**

## **Multiple identity**

Generally speaking, people can fall into more than one Section 75 category. Taking this into consideration, are there any potential impacts of the policy/decision on people with multiple identities?

(For example; disabled minority ethnic people; disabled women; young Protestant men; and young lesbians, gay and bisexual people).

It is not considered that the proposed Gas (Individual Standards of Performance) Regulations should have a differential impact upon people with multiple identities.

Provide details of data on the impact of the policy on people with multiple identities. Specify relevant Section 75 categories concerned.

## Part 3. Screening decision

If the decision is not to conduct an equality impact assessment, please provide details of the reasons.

The Regulations are designed to have a positive impact on all gas customers by establishing standards of performance for gas suppliers and gas distributors in Northern Ireland. Individual customers will get small, standard compensatory amounts where a company fails to deliver on prescribed levels of service. It is not anticipated that the Regulations will have a differential impact on any of Section 75 categories and a full Equality Impact Assessment is not deemed necessary.

It is the responsibility of the distribution and supply companies to publicise this scheme as they have a direct relationship with consumers. Gas suppliers and distribution companies must give consumers a notice of their rights under the standards scheme. It is also a requirement for the companies to copy the Authority and the Consumer Council into any such information.

Companies are not required to dispatch this information every 12 months. The Authority instead expects the companies to inform customers by relevant means. It will be a requirement for the company to dispatch a copy of the statement describing their rights to any person who requests it and for inspection at the relevant office in any form appropriate to the person.

If the decision is not to conduct an equality impact assessment the public authority should consider if the policy should be mitigated or an alternative policy be introduced.

| As no adverse impacts have been identified, mitigatory or alternative action is not considered necessary. |         |
|---|---------|
| the decision is to subject the policy to an equality impact assessment, please petails of the reasons.    | orovide |
| n/a   |         |

Il public authorities' equality schemes must state the authority's arrangements for assessing and consulting on the likely impact of policies adopted or proposed to be adopted by the authority on the promotion of equality of opportunity. The Commission recommends screening and equality impact assessment as the tools to be utilised for such assessments. Further advice on equality impact assessment may be found in a separate Commission publication: Practical Guidance on Equality Impact Assessment.

## **Mitigation**

When the public authority concludes that the likely impact is 'minor' and an equality impact assessment is not to be conducted, the public authority may consider mitigation to lessen the severity of any equality impact, or the introduction of an alternative policy to better promote equality of opportunity or good relations.

Can the policy/decision be amended or changed or an alternative policy introduced to better promote equality of opportunity and/or good relations?

If so, give the **reasons** to support your decision, together with the proposed changes/amendments or alternative policy.

| n/a |  |  |
|-----|--|--|
|     |  |  |
|     |  |  |
|     |  |  |

## Timetabling and prioritising

Factors to be considered in timetabling and prioritising policies for equality impact assessment.

If the policy has been 'screened in' for equality impact assessment, then please answer the following questions to determine its priority for timetabling the equality impact assessment.

On a scale of 1-3, with 1 being the lowest priority and 3 being the highest, assess the policy in terms of its priority for equality impact assessment.

| Priority criterion                                   | Rating (1-3) |
|--|--------------|
| Effect on equality of opportunity and good relations | n/a          |
| Social need  | n/a          |
| Effect on people's daily lives                       | n/a          |
| Relevance to a public authority's functions          | n/a          |

Note: The Total Rating Score should be used to prioritise the policy in rank order with other policies screened in for equality impact assessment. This list of priorities will assist the public authority in timetabling. Details of the Public Authority's Equality Impact Assessment Timetable should be included in the quarterly Screening Report.

Is the policy affected by timetables established by other relevant public authorities?

No

If yes, please provide details

n/a

## Part 4. Monitoring

Public authorities should consider the guidance contained in the Commission's Monitoring Guidance for Use by Public Authorities (July 2007).

The Commission recommends that where the policy has been amended or an alternative policy introduced, the public authority should monitor more broadly than for adverse impact (See Benefits, P.9-10, paras 2.13 – 2.20 of the Monitoring Guidance).

Effective monitoring will help the public authority identify any future adverse impact arising from the policy which may lead the public authority to conduct an equality impact assessment, as well as help with future planning and policy development.

## Part 5. Disability Duties

Under the Disability Discrimination Act 1995 (as amended by the Disability Discrimination (Northern Ireland) Order 2006), public authorities, when exercising their functions, are required to have due regard to the need:

- to promote positive attitudes towards disabled people; and
- to encourage participation by disabled people in public life.

Does this policy/legislation have any potential to contribute towards promoting positive attitudes towards disabled people or towards encouraging participation by disabled people in public life? If yes, please give brief details.

| No. |  |  |  |
|-----|--|--|--|
|     |  |  |  |
|     |  |  |  |
|     |  |  |  |

## Part 6 - Approval and authorisation

| Screened by: | Position/Job Title | Date         |
|--------------|--------------------|--------------|
|              |                    |              |
| Approved by: |                    |              |
| Brian McHugh | Director of Gas    | 3 March 2014 |

Note: A copy of the Screening Template, for each policy screened should be 'signed off' and approved by a senior manager responsible for the policy, made easily accessible on the public authority's website as soon as possible following completion and made available on request.

#### REGULATORY IMPACT ASSESSMENT

## GAS (INDIVIDUAL STANDARDS OF PERFORMANCE) REGULATIONS (NORTHERN IRELAND) 2014

## 1. Title of Proposal

Gas (Individual Standards of Performance) Regulations (Northern Ireland)

## 2. Purpose and Intended Effect of Measure

### **Objective**

2.1 The Northern Ireland Authority for Utility Regulation (the Authority) proposes to implement Guaranteed Standards of Service in the Northern Ireland Gas Industry.

## Background

- 2.2 The Energy Act (Northern Ireland) 2011 provides for the Authority to (i) make regulations prescribing individual standards of performance, and (ii) to determine overall standards of performance which gas companies in Northern Ireland are expected to meet for their customers.
- 2.3 It is proposed to introduce two levels of service regimes in the Northern Ireland Gas Industry.
  - Standards of performance in individual cases these are regulations made by the Authority with the consent of the Department of Enterprise Trade and Investment (DETI) whereby individual customers get small, standard compensatory amounts when a company fails to deliver on prescribed levels of service. These standards will reflect similar provisions in the Electricity (Standards of Performance) Regulations (Northern Ireland) 1993 and the Gas (Standards of Performance) Regulations 2005 in Great Britain.
  - Overall standards of performance these are general targets set by the Authority within company licences for the company to achieve on certain service standards. These are monitored by the licensee and then reported upon on an annual basis.

2.4 The Authority has proposed eleven individual standards of performance relating to service provided from both Distribution and Supply companies. In addition there are eleven overall standards of service and targets.

#### Risk Assessment

- 2.5 The implementation of guaranteed standards will reduce the risk to gas customers of poor performance from their supply or distribution company.
- 2.6 The standards also provide for a guaranteed base level of service across the board for all customers. With regards to distribution service performance, we view this as especially important due to the fact that customers cannot switch their gas conveyor.
- 2.7 The regulations do impose some additional requirements on the gas companies which will require changes to policies and procedures and some cost may be incurred by the company. The Authority has determined that costs relating to Guaranteed Services will not be funded under the price control regime.

## 3. Options

## Option 1 – Do Nothing

3.1 This is not a preferred option. Guaranteed standards already exist in the local electricity market (Electricity (Standards of Performance) Regulations (Northern Ireland) 1999) and in the gas market in Great Britain (Gas (Standards of Performance) Regulations 2005). Implementing them in the Northern Ireland gas market will ensure that gas customers in Northern Ireland benefit from equivalent protection.

#### Option 2 – Implement current GB standards

3.2 This is not a preferred option. There are significant differences in the operation of the gas market in Great Britain and Northern Ireland. A number of the GB standards are not applicable in NI without amendments to reflect the operation of the NI gas market.

## Option 3 – Implement standards tailored to Northern Ireland gas market

3.3 This is the preferred option. The Authority has considered the GB standards and adapted them to reflect the operation of the gas market in Northern Ireland. In addition, the standards reflect those in the NI electricity industry to ensure equivalent consumer protection across the industries. Finally, additions to the standards have been made to reflect those issues affecting gas customers which are unique to Northern Ireland gas industry.

#### 4. Benefits

#### **Overall Benefits**

4.1 The proposed individual standards of performance offer customers protection from poor performance in eleven specific areas of service provided by either their gas supply or gas distribution company. The overall standards of performance provide a level of protection in a further nine areas. Together, these standards provide customers in Northern Ireland with a level of protection equivalent to that in the GB gas market and the Northern Ireland electricity market.

#### **Business Sectors Affected**

4.2 The business sector affected by the proposed standards is (i) gas suppliers and gas distributors in NI, and (ii) companies in the small and medium sized sector who use gas, i.e. those customers using less than 25,000 therms per annum.

## Other Impact Assessments

4.3 An Equality Screening Form has also been completed in relation to the proposed Regulations.

#### 5. Costs

## Compliance costs

5.1 The Regulations will impose some additional costs on gas supply and distribution companies due to changes to policies or procedures necessary in order to meet these standards. The gas companies will also have to fund the small, compensatory payments to both SME and domestic customers when individual standards of performance of performance are not met. The Authority has determined that these costs must be borne by the gas company and will not be funded by the customer through the price control regime.

#### Other costs

5.2 As above.

#### Costs for a typical business

5.3 As above.

## 6. Consultation With Small Business: the Small Business Impact Test

6.1 No significant impact on small businesses is expected but small and medium size companies stand to benefit from the small compensatory payments to be made by gas companies when individual standards of performance are not met. These payments range from £25 to £125 depending on the standard which is breached.

#### 7. Enforcement and Sanctions

7.1 The proposal would be implemented through statutory rules.

#### 8. Consultation

#### Within Government

8.1 The Authority has worked with DETI on developing the draft Regulations and on assessing their impact.

#### 9. Public Consultation

9.2 There have been three previous publications on the Guaranteed Standards. These publications are available on the Authority's website and were made available to all interested parties. We received three responses to the July 2011 consultation from one distribution company, one supply company and one consumer body. These responses were taken into consideration and amendments made to the proposals where necessary. In line with best practice guidelines, the Authority also consulted widely on the draft Regulations which were drawn up in the wake of these previous consultations.

## 8 Summary and Recommendation

8.1 It is proposed that Regulations should be enacted which would introduce individual standards of performance for the Northern Ireland gas industry to meet in providing services to their customers.

## **Utility Regulator Sign-off**

"I have read the Regulatory Impact Assessment and I am satisfied that the benefits justify the costs."

Signed: Brian McHugh Date: 3 March 2014

BRIAN McHUGH Director of Gas