



**PNGL Gas extension proposal to Whitehead**

**June 2018**

**Our Ref: PD20010 2887**

## **1 Introduction**

1.1 The Consumer Council is a non-departmental public body (NDPB) established through the General Consumer Council (NI) Order 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland (NI).

1.2 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, and educating and informing consumers.

1.3 The Consumer Council supports the development of an efficient natural gas industry in NI. Natural gas provides consumer protection through its regulatory framework, is cleaner than other fossil fuels and provides a choice of payment methods that help consumers manage their spending on energy. The 2016 Housing Condition Survey<sup>1</sup> shows that households using natural gas are least likely to be in fuel poverty, compared with those using home heating oil, solid fuel, electric, dual fuel or other heating.

## **2 Consideration of Application**

2.1 The proposal to extend the natural gas network to Whitehead will make gas available to approximately 2,000 domestic properties and 50 small industrial and commercial businesses. However, creating

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<sup>1</sup> [https://touch.nihe.gov.uk/house\\_condition\\_survey\\_main\\_report\\_2016.pdf](https://touch.nihe.gov.uk/house_condition_survey_main_report_2016.pdf)

availability does not guarantee connections to the natural gas network. Homeowners wishing to avail of natural gas in Whitehead will still be required to pay significant costs, which for many will be a prohibitive barrier.

2.2 In its response to the GD17 price control draft determination, The Consumer Council proposed using the connection incentive to directly reduce the financial outlay for consumers. Whilst this proposal was not accepted in the round, we believe further innovation to reduce connection costs borne by consumers is required in order to maximise growth opportunities.

2.3 We acknowledge that the Regulator has given consideration to owner occupied and housing executive/association properties potentially connecting to the network. The Regulator believes that the NI Housing Executive upgrade scheme will in all likelihood ensure a positive impact. The Consumer Council welcomes this confidence but would further highlight the continued requirement for:

- Incentivised schemes for customers switching to natural gas;
- A targeted number of domestic and commercial connections to natural gas within a designated period of time; and
- Targeting of multiple tenancy properties such as housing executive schemes, nursing homes, retail units etc.

2.4 Paragraph 2.15 states that PNGL has confirmed it will continue to make gas available to every property where it is economic to do so. With consideration to the larger housing in Whitehead, is there

scope for extending the distance that defines a property as readily connectable for this particular project? Through our complaints handling role, we know anecdotally that the criteria for a property being defined as “readily connectable” is at times not achieved by small margins. The Consumer Council believes this may be a particular barrier for the Whitehead project, considering the larger housing.

2.5 The Consumer Council recognises the benefits of natural gas and welcomes its delivery to Whitehead at the lowest possible cost to NI consumers. We therefore support the proposal to set and include targets for PNGL within the GD17 Uncertainty Mechanism, therefore allowing adjustments for any output differential.

2.6 Furthermore, The Consumer Council encourages the wider extension and infill of the gas network across NI, where it is financially viable to do so. This will offer an alternative heating source to the majority of NI households that remain dependent upon home heating oil. We are happy to offer our support in promoting this proposed extension into Whitehead as we have done similarly for other network extensions by PNGL, SGN Natural Gas and Firmus Energy.

2.7 If you would like further information or to discuss any issues in this paper, please contact Mark Crawford on 028 9025 1640 or [mark.crawford@consumercouncil.org.uk](mailto:mark.crawford@consumercouncil.org.uk).



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