



## The Consumer Council for Northern Ireland's response to the Utility Regulator's consultation on the Draft Forward Work Programme for 2021/22

19 February 2021

### 1. Introduction

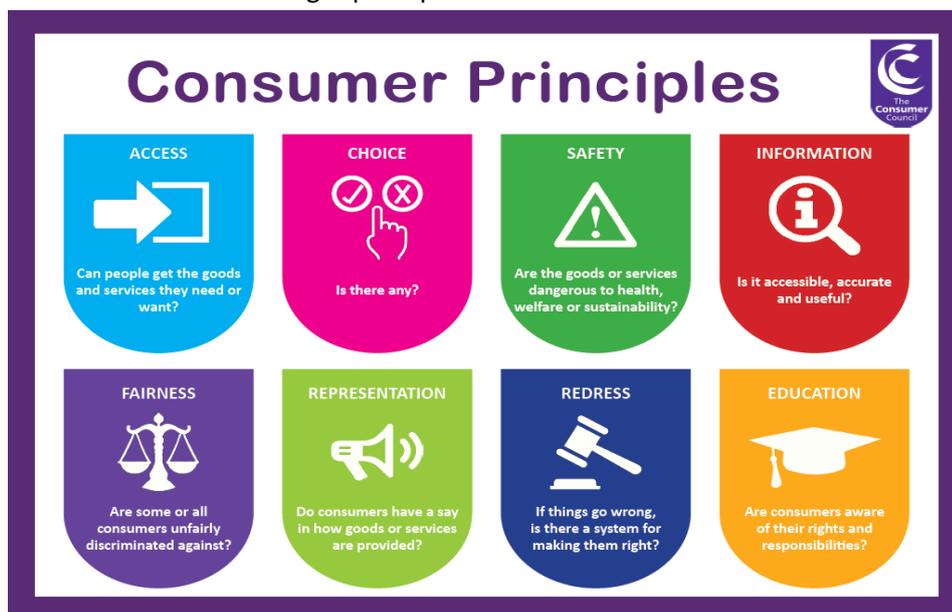
1.1 The Consumer Council is a non-departmental public body (NDPB) established through the General Consumer Council (Northern Ireland) Order 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland.

### 2. General Comments

2.1 The Consumer Council welcomes the opportunity to respond to the Utility Regulator's (UR) Draft Forward Work Programme for 2021/22.

2.2 As the statutory consumer body for electricity, gas and water consumers we look forward to working with the UR on its areas of regulatory responsibility. The Consumer Council would like to strengthen the existing partnership approach between both organisations so that consumers benefit from electricity, gas and water markets which meet their needs.

2.3 The Consumer Council uses eight consumer principles to set a consumer-focused framework within which we work. These eight principles are outlined below.



- 2.4 The Consumer Council recommends that the UR adopts these eight principles as part of its approach when delivering its Forward Work Programme for 2021/22. These principles will support the UR with its delivery of the FWP and its outcome based approach outlined as part of the UR's 2019/24 Corporate Strategy. For instance, it will help focus the UR's activity that seeks to increase regulatory protection for vulnerable consumers. It is vital that The Consumer Council and the UR work together throughout 2021/22 to protect this group of consumers.
- 2.5 The UR outlines the important context of today's world that is affecting consumers. This includes the EU exit, the impact of COVID-19 and the energy transition towards a low carbon future. We believe there is significant risk of consumer harm. The UR must play its part in helping to find solutions to the many issues that will come from these events which will affect consumers. The UR needs to work in collaboration with stakeholders including The Consumer Council to understand how each of these key areas affects consumers. There has never been a more important time for the UR and The Consumer Council to protect the interests of consumers across Northern Ireland and therefore there is a need for strong working partnership between us.

**Objective 1 – Promoting markets that deliver effective competition, informed choice and fair outcomes**

- 2.6 The Consumer Council supports the UR's Consumer Protection Programme (CPP). This programme must maintain and improve safeguards for consumers. The Consumer Council will continue to work closely with the UR to ensure this project delivers benefits for consumers and that consumers get the practical support they need especially those in vulnerable circumstances. We look forward to the review of the CPP and the formulation and consultation on the best practice framework for consumer vulnerability, both bilaterally through our statutory role and as Chair of the Consumer Vulnerability Working Group.
- 2.7 The Consumer Council has recently commissioned research into the impact of COVID-19 on energy consumers and we look forward to sharing the findings with the UR. This evidence, alongside the UR's own Consumer Insight research, will help identify the issues facing consumers. Doing more collaborative consumer research and co-ordinated empowerment programmes in order to ensure we deliver right levels of market access and consumer protection at a critical time i.e. when the future energy policy for Northern Ireland is being decided, will help inform whatever interventions are needed to better protect consumers now and in the future.
- 2.8 Consumers must be able to afford their energy bills. The supplier price control regime has an important role to play. The Consumer Council looks forward to working with the UR in this area and representing consumers in the regulatory process throughout 2021/22. This type of price protection is vital for consumers.

- 2.10 The Consumer Council understands that the UR wishes to facilitate innovation in energy markets by reviewing licences. We are supportive of innovation but it must benefit consumers and these benefits must be based on clear evidence before changes are made. The Consumer Council recommends early engagement between both organisations on any changes that will affect consumers directly or indirectly.
- 2.11 The Consumer Council welcomes the projects that aim to ensure the Single Electricity Market (SEM) is working efficiently, effectively and in a way that protects the interests of consumers across Northern Ireland. This is essential. These projects must focus on consumer outcomes and clearly understand how consumers are affected by trading arrangements between the SEM and GB. Any issues affecting consumers across Northern Ireland must be addressed quickly.

### **Objective 2 – Enabling 21<sup>st</sup> Century Networks**

- 2.12 Network price controls are important in enabling investment which develops modern infrastructure networks. However, any pass through costs must be affordable for all consumers and at the lowest possible cost. The Consumer Council looks forward to taking part in these price control activities and discussing how best to develop plans that lead to an infrastructure that improves the quality of service consumers receive and in a way which does not mean consumers will struggle with their future energy bills.
- 2.13 The Consumer Council notes the project on the scope of a review of electricity network tariff structures to take account of the energy transition. We recommend that the UR ensures all consumers especially the most vulnerable do not get disadvantaged as a result of any proposed changes. A consumer impact assessment, similar to those being used as part of the Energy Strategy, will help the UR when it is at an early stage of its considerations. The Consumer Council also believes that early discussion between both organisations will identify any potential issues for consumers, and we would recommend both organisations are engaged throughout the lifetime of this project.
- 2.14 The Consumer Council welcomes the project which aims to ensure SONI operates effectively in the interests of consumers across Northern Ireland. The Consumer Council in its response to the UR draft determination on the SONI price control 2020/25 highlighted the importance of SONI operating efficiently, so that consumers are not paying higher prices created by inefficient operations. We look forward to continuing to contribute to this important project.
- 2.15 All water stakeholders understand the importance of sustainable funding for NI Water. We look forward to engaging with the UR on its reviews of depreciation for NI Water and the assessment of the Living with Water Programme, and the impacts both will have on the costs paid by consumers.

### **Objective 3 – Ensuring security of supply and a low carbon future**

- 2.16 The Consumer Council will continue to work with the UR and others on the energy transition to a low carbon future. The Consumer Council is encouraged that those involved in the energy transition all recognise that it must work for consumers if it is to be a success in Northern Ireland.
- 2.17 In this context, The Consumer Council welcomes the project which commits the UR to assist the Department for the Economy (DfE) in the development of a consumer-centric Energy Strategy to help deliver net-zero and we would be supportive of the UR to have access to the commensurate resources to deal with and help deliver energy transition in Northern Ireland. However, we recommend that this project also captures the essential role The Consumer Council will play in the energy transition. This project should commit the UR to also working with The Consumer Council alongside DfE.
- 2.18 Considering the acceptance that the energy transition must be consumer-centric, The Consumer Council would like to underline the importance that:
- energy costs are affordable for consumers especially for the most vulnerable households such as those living in fuel poverty;
  - consumers require a trusted and independent consumer protection framework for new energy services and technologies brought about by digitalisation, the increase in use of consumer data and more consumers getting their energy from off grid sources; and
  - consumers want and need an effective independent advice and support framework for all so they take part in the energy transition and benefit from the Energy Strategy. This will make sure vulnerable consumers are not left behind and that all consumers can make informed choices in what will become a more complex market for them to understand.
- 2.19 The UR and The Consumer Council must work together to ensure the transition to a low carbon future addresses the challenges facing consumers so the future energy market fully meets all consumer needs across Northern Ireland.
- 2.20 The Consumer Council would welcome early discussions with the UR on how the issue of EU exit might affect the legislative framework. It is critical that consumers are no less protected than before. Additionally, it is an opportunity to explore how Northern Ireland consumers can be better protected.

### **3. Conclusion**

- 3.1 The Consumer Council welcomes the UR dFWP and its projects. It is vital that The Consumer Council and the UR work together throughout 2021/22. A collaborate approach in our research and empowerment programmes will better help to protect all consumers across Northern Ireland especially the most vulnerable consumers now and in the future when the energy policy for Northern Ireland is being decided.
- 3.2 If you would like to discuss this response please contact Raymond Gormley, Head of Energy Policy. Details provided below.

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**19 February 2021**