



The Consumer Council

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Ref: PD20010705

Albert Shaw and Sarah Friedel
Utility Regulator
Queen's House
14 Queens Street
Belfast
BT1 6ED

Dear Albert/Sarah,

Re: Consultation on Electricity Connection Policy to the Northern Ireland Distribution System

The Consumer Council is a Non-Departmental Public Body set up in legislation to safeguard the interests of all consumers, and particularly the vulnerable and disadvantaged. The Consumer Council is an independent organisation which operates to promote and protect the consumer interest.

We welcome the opportunity to respond to this consultation paper on the Electricity Connection Policy to the Northern Ireland Distribution System.

It is the position of the Consumer Council that any decision to change the electricity connection policy in Northern Ireland should only be undertaken in the interest of the consumer. With fuel poverty levels at 44 per cent in Northern Ireland many households are struggling to adequately heat their home, it is important that the regulatory structures look to minimise the cost of energy to consumers.

The Consumer Council is of the view that any charges for new connections must be fully cost reflective. By ensuring prices charged to consumers are cost-reflective then the need for the 40 per cent subsidy could be mitigated. Consideration should be given to the removal of this subsidy in RP5. However, care must be taken to ensure no locational signals develop as a direct result of the removal of the 40 per cent subsidy.

More clarity is needed in terms of connection policy for domestic connections. A distinction must be made between new developments, which require a

connection and existing housing which currently has no established connection to the distribution network. Though new developments should take account of connection costs the Consumer Council believe that existing housing, with no established connection, should be provided a connection free of charge. This is particularly important when the property is occupied by a vulnerable consumer. The Utility Regulator should be mindful of the IME3 and the implications it may have to the definition of 'vulnerable' consumers.

With fuel poverty at 44 per cent in Northern Ireland it is important that vulnerable consumers are given additional support when connecting to the electricity distribution network. The Consumer Council welcomes the decision of the Utility Regulator to work closely with the Consumer Council with regards vulnerable customers and connection policy.

The Consumer Council notes that DECC are currently consulting on micro generation. Barriers currently exist which prevent many households accessing micro generation and a cost benefit analysis should be undertaken to ascertain whether financial incentives are the best way to overcome these barriers. Currently it is the most 'well off' that are able to benefit from micro generation, though reducing dependence on expensive fossil fuels such as oil could provide substantial benefits for households in Fuel Poverty.

The Consumer Council welcomes the Utility Regulators view that costs for connecting to the distribution system should be transparent and fair and would encourage further work in this area.

The Consumer Council believes that standards of service should be put in place regarding the timing of connection offers and connections. Using incentives as part of RP5 could provide benefits for consumers without increasing the cost of connection quotes substantially, or adding costs to all consumers. Therefore, incentives should only be offered if they provide added value to all customers, ultimately through lower costs. A full analysis of incentive regulation in terms of connections should be undertaken.

I hope that these comments are helpful and are given due consideration. Please contact me if you require any clarification.

Yours Sincerely,

Andrew Murray
Senior Consumer Affairs Officer