

The Consumer Council's response to the Utility Regulator's Forward Work Programme 2010 to 2011

January 2010

Our reference: PD20090/366

1. Introduction

- 1.1. The Consumer Council is pleased to respond to the Utility Regulator's (UR) consultation on its draft Forward Work Programme (FWP) for 2010 to 2011.
- 1.2. Our role is to give consumers a voice - and make sure that voice is heard by those who make decisions that affect consumers. Set up by statute in 1985 as a Non-Departmental Public Body, the Consumer Council's role is to promote and safeguard the interests of all consumers in Northern Ireland (NI). We have specific legislative responsibilities for energy (including natural gas, electricity and coal), passenger transport, money affairs, education, and water and sewerage services.
- 1.3. We have set out below some high level comment on certain parts of the draft FWP.

2. General comments

- 2.1. The FWP presents the UR's second year of work within its five year Corporate Strategy to 2014. Each individual project is clearly shown to be connected to a strategic theme. The FWP would be strengthened by a clear statement of intent in setting out milestones of where the UR wants to be in twelve months time in progressing each of these strategic priorities and how each theme in turn contributes to the UR's longer term strategic development goals for utilities in Northern Ireland.
- 2.2. We are keen to work with the Regulator and the Government to set out a clearer strategic vision/roadmap for both energy and water, so that we can work together in meeting these goals.
- 2.3. The issue of affordability is an urgent and growing concern for all involved in the utilities in Northern Ireland. While the UR's corporate themes of protecting consumers (theme A) and protecting vulnerable consumers (theme C) may implicitly cover affordability the Consumer Council feels that as this is such a growing problem the FWP should

include a clear statement on the work the UR will undertake with others to tackle this issue.

- 2.4. The review, development and implementation of Guaranteed Standards of Service (GSS) across electricity, gas and water is particularly welcome. This will clearly define the minimum level of service consumer can expect from their utility companies. The Consumer Council remains committed to continuing to fully contribute to the development of GSS.
- 2.5. The UR plans to look at accelerating connection in gas serviced areas (project reference 21). We would be keen to know if the UR has any plans to look at the cost of and any barriers to getting connected for all three utilities.
- 2.6. The UR comments on the synergies that can be captured in its role as regulator across electricity, gas and water. We have a similar cross utility remit benefiting from comparable synergies and knowledge sharing opportunities. We look forward to working closely and sharing our knowledge with the UR from our cross-utility experience.
- 2.7. We support the UR's plans to look at how the regulatory framework can be developed so that it is best designed for Northern Ireland to benefit consumers in Northern Ireland. Much like the market the UR operates within and the companies regulated, the benefits consumers will want and look for will continue to change and evolve. Any changes to the regime must therefore ensure a flexibility to enable change while maintaining the consumer at the centre.
- 2.8. The process of developing regulation must not result in a system that imposes decisions onto consumers but reflects the consumers' needs. It must involve consumers from the start in order to understand what it is that consumers want from their utility companies.

3. Energy

- 3.1. We would like to see more information in the FWP on how the UR sees its role in interpreting and implementing the goals within DETI's Strategic Energy Framework, and in particular its role in promoting renewable energy.
- 3.2. The UR outlines how it will liaise with the Department for Enterprise, Trade and Investment on the implementation of smart metering, largely utilising studies currently being carried out in GB and RoI with consideration to any distinctive Northern Ireland circumstances. The Consumer Council would like to see within the FWP, greater detail on the possibilities for large scale pilot studies to be carried out in Northern Ireland, and indeed the feasibility of using Northern Ireland as a pilot for the UK.

- 3.3. We are interested in exploring with the UR the possibility of regulating the heating fuels (home heating oil/Coal/LPG) market in terms of quality and safety, to see if this would support consumers in Northern Ireland.
- 3.4. In the detailed project breakdown we are pleased to see the review of the Capacity Payment Mechanism (project reference 55). As the UR will be aware the Consumer Council has been requesting such a review which must include not just the figures but the whole principle of capacity payments as recommended in the McIlldoon Report.
- 3.5. We have noticed the lack of reference to Douglas McIlldoon's Report, "Orphans in the Energy Storm", in the FWP and would like the UR to clearly explain how the McIlldoon findings and recommendations will be progressed over the FWP period.

4. Water

- 4.1. The FWP will cover the first year of the implementation of PC10. We look forward to working with the UR to play our part fully in both the progression of PC10 and the plans for PC13 in the spirit set down via the Ministerial Partnership agreement.
- 4.2. As the monitoring regime is established the Consumer Council feels ideally positioned to work with the UR in expressing the improvements consumers will get / are getting for the investment being made in the water and sewerage system. We are keen to work with the UR and all stakeholders to develop the monitoring regime with public reporting that is transparent and accessible to all consumers.
- 4.3. We are encouraged by the indications set out in the FWP for the early engagement of principal stakeholders to set out the approach and timeline for PC13 and would encourage wider public consultation.
- 4.4. We look forward to the UR's involvement in developing the consumer research for PC13 from the research carried out for PC10. The language used in describing this project (refinement and appropriateness, project reference 13) makes us query if the UR has specific concerns with the research conducted for PC10 and, if so, how the UR sees these being addressed.
- 4.5. From the information given in the consultation document it is not clear what flexibility is available should a NI Executive decision be made over the future funding of water and sewerage services and domestic charging.
- 4.6. We look forward to the delivery of NI Water's 25 year strategic direction statement and working with key stakeholders to look at the

potential impacts the projections contained within the strategy will have on consumers.

5. Conclusion

5.1. The Consumer Council welcomes the UR's FWP.

5.2. We look forward to working closely with the UR over the coming year and value the commitments made throughout the FWP to work in partnership with stakeholders in order to develop the energy and water sectors for the benefit of all consumers.

5.3. The commitment to work closely with the UR from the Consumer Council extends to the UR's assurance of delivery through consultation. Consultations must include early and frequent pre-consultation engagement to gather views to inform the consultation process. Consultations should be released on a staggered basis giving consideration to the resources of consultees to ensure comprehensive responses are returned.