

The Consumer Council's response to the Utility Regulator's Forward Work Programme 2011 to 2012

January 2011

Our reference: PD20010/683

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 2011 to 2012.
- 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.
- 1.3. For many of the projects outlined in the draft FWP we will engage specifically with the UR. We will provide explicit and detailed comment during our work with the UR on these projects. We have set out below some high level comment on the draft FWP.

2. General comments

- 2.1. Affordability is an urgent and growing concern for all in Northern Ireland. This needs stronger emphasis in the FWP with clear statements of intent on tackling fuel poverty and taking forward work on social tariffs.
- 2.2. We see many opportunities to work together. For example:
 - The cross-utility review of price controls;
 - Our ongoing work on billing and debt best practice links naturally with UR's look at billing information and clarity of bills;
 - Guaranteed Standards of Service (GSS) work across electricity, gas and water;
 - A debt code of practice coming from the Social Action Plan;
 - Improving services for consumers through price controls and the introduction of customer service targets; and
 - Consumer protection for non-switching energy customers.

The UR notes the synergies its multi-utility regulatory role provides. We have a similar cross utility remit and benefit from comparable

synergies. We look forward to combining our cross-utility knowledge and working with UR.

- 2.3. Our commitment to work closely with the UR extends to the UR's assurance of delivery through consultation. Consultations must include early and frequent pre-consultation engagement. Consultations should be released on a staggered basis giving consideration to the resources of consultees to ensure comprehensive responses are returned.
- 2.4. Each project is shown clearly connected to a strategic theme. The indicative proposed work for the two remaining years of the Corporate Strategy is helpful but definitive targets of where the UR plans to be at the end of 2012 in progressing each of these strategic priorities would strengthen the FWP.
- 2.5. We support the UR's plans to look at how the regulatory framework for water, gas and electricity can be developed. Regulation must deliver for consumers. Regulators must understand what consumers want from their utility companies. We feel we are uniquely positioned to help the UR in this by representing the consumer.
- 2.6. The Consumer Council is progressing a project to try to find out what consumers understand sustainability to be, what they expect sustainable services and utilities to look like, and how and what they will deliver. We see this work complimenting many of the UR's projects under the sustainability strategic theme and would be keen to share our work.
- 2.7. Given the scale of the impact of the water crisis and the failure of NI Water to plan and react, and the potential impacts should a comparative crisis hit other utilities, the final FWP should contain assurances that the UR will work to quality approve emergency plans to ensure they are fit for purpose. To start we will work with the UR as we address relevant issues highlighted by the review of NI Water's response to the water crisis and, given our respective statutory roles, look at how these lessons can improve the preparedness and response plans of all utility companies.
- 2.8. Paragraph 3.2 notes that account has been taken of comments made during the consultation. We assume this is a drafting error rather than any indication that final decisions have been taken before the conclusion of the consultation period?

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. As stated last year we remain interested in exploring with the UR regulating home heating oil to see if this would support consumers and would welcome a commitment from the UR to work with the Consumer Council on developing a strategy for potential regulation.
- 3.3. We welcome the opportunity to work with UR on the implementation of IME3 customer protection measures (paragraph 2.60). However, we would like to note that it has not yet been established by DTI that the development of the consumer checklist under IME3 should be undertaken by the UR.
- 3.4. UR's principle Gas objective is the promotion of the gas industry. The Consumer Council feels this should be altered so that protecting the interests of gas customers is given equal importance. This is also true while taking steps to boost competition in the gas market (paragraph 2.28). The EU Third Energy Package is an opportunity to do this.
- 3.5. We recognise the important role and benefits of Smart Grids and Smart Meters in allowing greater control of energy usage. However, the benefit to consumers will only be realised if their home is fully insulated, and has energy efficiency devices installed. Any Smart Grid or Smart Meter programme must go hand in hand with an energy efficiency programme which will ensure consumers benefit. Any Smart Meter trial must take this into account.

4. Water

- 4.1. The UR recognises the need for flexibility in the FWP period. This is particularly pertinent for water. The Minister for Regional Development's statements regarding NI Water and the May 2011 elections could result in significant changes to the structure, governance and financing of consumers' water and sewerage services.
- 4.2. Through our combined monitoring of and work with NI Water we are committed to work with UR to deliver service improvements.
- 4.3. We will continue to participate fully in the monitoring and public reporting of NI Water's delivery of PC10 and in the development and progression of PC13. We look forward to working with the UR and other key stakeholders in this and on specific PC13 projects such as the UR's involvement in developing the consumer research (FWP project 14) and in developing Ministerial social and environmental guidance (FWP project 16).

4.4. We have agreement of all stakeholders that enhanced KPIs that are more consumer focused will be introduced via PC13. We will also work with all stakeholders to develop a more robust OPA for NI Water. We would like to see specific comment on these two issues in the FWP.

4.5. We see the consideration of water GSS as appropriate (FWP project 4). We see GSS as having two parts to be considered in turn. Firstly, the promised service level as a driver for service improvements. Secondly, the payment made should the company fail to meet this standard. Part one does not necessitate part two. Part two should be considered particularly for NI Water's non-domestic customers who pay direct charges; part one for all consumers.

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 impacts on consumers.

5. Conclusion

5.1. The Consumer Council welcomes the draft FWP and the work outlined within it.

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.