

CONSULTATION ON THE CONSUMER PROTECTION STRATEGY

SSE AIRTRICITY RESPONSE TO  
THE UTILITY REGULATOR OF NORTHERN IRELAND

2015

## INTRODUCTION

SSE Airtricity welcomes the opportunity to comment on the Utility Regulator's Consumer Protection Strategy.

SSE Airtricity is the largest independent supplier operating in Ireland with over 800,000 customers served across both electricity and natural gas markets. In Northern Ireland, SSE Airtricity is in a unique position of being the largest competitor to the incumbent electricity company, while also being the incumbent gas supplier in the Greater Belfast area. SSE Airtricity is committed to the development of competition in energy markets in NI and to presenting its customers with choice and quality customer services.

SSE Airtricity recognises the importance of putting in place a Consumer Protection Strategy that supports the UR's role and adequately protects customers.

## COMMENTS

SSE Airtricity welcomes the Utility Regulator's consultation paper and the opportunity to contribute to the formulation of the next Consumer Protection Strategy. We believe it is important to ensure that all stakeholders engage fully in the consultation process and we have fully participated and given feedback in the workshops undertaken to date.

SSE Airtricity would like to commend the UR in relation to the proactive engagement with stakeholders that has been seen throughout the consultation process. This ensures that all interested parties are afforded the opportunity to participate.

SSE Airtricity recognises that over the last two years the UR has put in place a number of key consumer protection requirements which support higher standards in the industry. In particular, the Marketing Code of Practice and implementation of the Gas Standards of Service which we believe are essential in supporting the development of competition in a way that is beneficial to consumers.

With respect to the current consultation, SSE Airtricity believes there are a number of valuable proposals within the consultation document. However, it is important to raise the issue of cost and proportionality when discussing which elements the UR should take forward. We note the valuable work the UR has done to seek feedback directly from consumers, but are

disappointed that the cost of implementing new measures and higher standards does not appear to have featured in this work. SSE Airtricity is of the view that it is important that when the UR is engaging with consumers to seek opinions on its Consumer Protection Strategy and similar pieces of work, that those consumers are educated to consider the proposals in the context of the increased costs they may place on the industry. If this was included as a step in the process a more considered view of what consumers would like to see may be reached.

SSE Airtricity notes that implementation of new regulatory requirements can be costly and ultimately will lead to higher costs to consumers. We also would like to draw attention to the fact that implementing regulatory change in NI, in general, will have a higher cost per customer due to the smaller number of customers over which costs can be spread. As this is the case, we urge the UR to carefully consider its proposals in terms of requirement and cost to implement when making a final decision. We also ask that where possible, revisiting requirements following implementation does not take place unless absolutely essential. Focusing on the cost of implementing regulatory requirements also supports the UR's focus on affordability as it is essential that unnecessary costs are not incurred which may impact consumers. The highest levels of cost for suppliers are usually associated with billing changes and increased manpower. The UR has a number of proposals that will impact these areas.

SSE Airtricity asks the UR, in making its decision, to consider the level of restriction placed on suppliers and to ensure that innovation and the development of competition are not impacted by putting in place overly prescriptive requirements. We note the CMA investigation currently underway in GB has updated its theories of harm to include an examination of the impact the regulatory framework is having on competition. This is from the view that Ofgem may have been overly prescriptive and introduced measures that are directly impacting competition and benefits being provided to consumers. It has been our experience in NI that the UR has been very prescriptive in terms of licence and code implementation to date.

In order to ensure that consumers are benefiting from competition, SSE Airtricity urges the UR to focus on the area of consumer empowerment & the supporting structures for competition. At this time there are considerable discounts available to consumers but a significant number of customers have yet to even consider switching supplier away from the incumbent. This area was also highlighted in the Cornwall report into the

effectiveness of competition in the energy retail markets in NI. We believe the UR should actively develop materials, tools and processes that encourage customers to switch supplier. The research carried out by the UR is concerning with respect to the number of customers who will never switch. Given the benefits available and the focus on affordability, this should be given top priority.

We also support putting in place clear requirements for network operator engagement with customers. The network operators play a key role in ensuring the success of competition through the provision of equal service to all customers. It is important that consumers are continually educated with respect to the independent role that network operators play and also that network operators are required to operate to standards that support both consumer and supplier needs. Where these standards are not reached the network operator should be held accountable to both the supplier and consumer. We note the UR's discussion of customer compensation where a supplier has failed in service provision; however, in reality suppliers are reliant on the network operator to provide a significant number of services which directly impact consumers. It would be a perverse outcome if suppliers were penalised for a network provided regulated service that they have no control over and for which there are no service levels. This is particularly the case in the electricity market where the network operator provides a higher number of services to suppliers.

## CONCLUSION

SSE Airtricity supports the provision of information and guidance to consumers on how best to interact with the energy markets, switching processes, suppliers and what to do if these interactions are not working for them. This should be a key focus for the UR so that the benefits of competition are realised.

With respect to billing and other proposals within the strategy, we urge the UR to consider which of these are essential and the level of costs that will be borne by suppliers and ultimately consumers before making its decision.