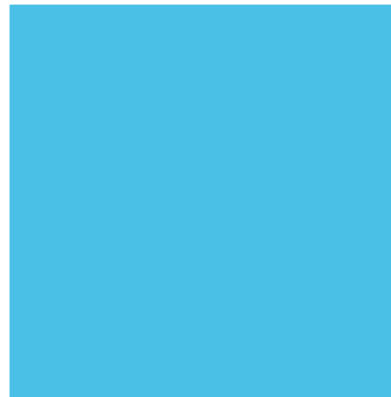


Consumer protection strategy
2016/2017 – 2020/2021
Executive summary

February 2016





Our mission

Value and sustainability in energy and water.



Our vision

We will make a difference for consumers by listening, innovating and leading.



Our values

- Be a best-practice regulator.
- Be professional.
- Be a collaborative, co-operative and learning team.
- Be motivated and empowered to make a difference.

About the Utility Regulator

We are the independent non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water and sewerage industries, to promote the short and long-term interests of consumers.

We are not a policy-making department of government, but we have a legal duty to make sure that the energy and water utility industries in Northern Ireland are regulated and developed within ministerial policy.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly through financial and annual reporting obligations.

We are based at Queens House in the centre of Belfast. Our Chief Executive leads a management team of directors representing each of the main areas in the organisation: corporate affairs, electricity, gas, retail and consumer protection, and water.



Contents

	Page
1. Foreword	4
2. Consumer protection strategy summary	5
3. Conclusions and next steps	11
4. Timings and outcomes for consumer protection	
Objective 1: Focus on affordability	12
Objective 2: Make sure there is equal access to utility services	13
Objective 3: Empower customers through education and transparency	14
Objective 4: Provide leadership through being a best-practice regulator	15
Glossary and Acronyms	16

1. Foreword

Protecting consumers lies at the heart of our role in regulating the electricity, gas and water industries in Northern Ireland.

Our corporate strategy 2014-2019 and forward work programme set out our approach to regulation and the initiatives we have prioritised in order to deliver our three corporate strategy objectives. Those objectives are:

1. to promote effective and efficient monopolies;
2. to promote competitive and efficient markets; and
3. to protect the long-term interests of our consumers.

Our consumer protection strategy (CPS) for domestic consumers is part of the third objective of our corporate strategy – protecting the long-term interests of consumers.

Delivering the CPS and putting in place the revised energy supplier codes of practice (which were published in June 2015¹), will complete a key part of our corporate strategy.

We put consumers at the heart of everything we do and have based all three of our corporate strategy objectives on this commitment. Our CPS sets out other initiatives which support the main part of our work, such as price controls and market regulation. It also recognises that domestic consumers may need specific protection in circumstances where they may be vulnerable.

The CPS accepts that energy and water industries differ in a number of areas, mainly

the fact that domestic water consumers do not receive bills. However, protecting consumers is particularly important to us across all the industries that we regulate, and consumers need protection in a number of areas, including price.

Putting consumers at the heart of everything we do means that we must achieve a high level of consumer protection in all areas, including retail supply, wholesale market and network operation. It is important to see the development of the CPS within the context of building on our main activities under our overall corporate strategy. These include efficient market design, retail and wholesale market monitoring and price controls.

We developed our CPS following an extensive consultation, and we will continue to involve our stakeholders in all the initiatives we identified. This is fundamentally important, and I appreciate the time and effort many people made in our various consultation phases. Through our CPS, we will aim to bring clarity, consistency and equality to consumer protection throughout Northern Ireland utility markets, while allowing for commercial differences and best-practice approaches. My team is committed to that challenge.



Jenny Pyper
Chief Executive

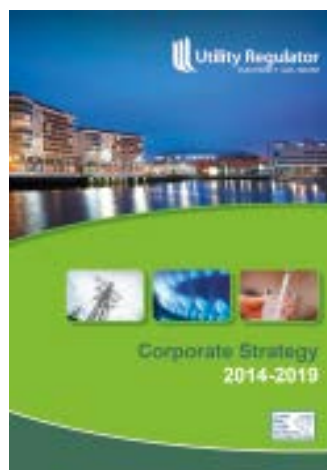


1. http://www.uregni.gov.uk/uploads/publications/Final_Codes_of_Practice_Decision_Paper.pdf



2. Consumer protection strategy – summary

Our corporate strategy sets out how we plan to achieve our aim of promoting value and sustainability in energy and water. It sets out the following objectives.



Promoting effective and efficient monopolies

Promoting competitive and efficient markets

Protecting the long-term interests of business and domestic consumers

1. To promote effective and efficient monopolies
2. To promote competitive and efficient markets
3. To protect the long-term interests of business and domestic consumers

The consumer protection strategy (CPS) consultation, (which was published 12 June 2015¹), proposed a five-year strategy setting out comprehensive plans and initiatives which will look at the long-term needs of domestic consumers. This strategy is part of our third objective, and focuses specifically on domestic consumers and contributes to our legal duty to protect electricity, gas and water consumers.

Process

Our aim is to create a CPS built on an evidence base with a high level of involvement by stakeholders. We talked to consumers and other stakeholders to accurately capture their views and experiences. To help develop the consultation paper, we consulted consumer focus groups, held interviews with key

stakeholders, and carried out a survey. We also held a stakeholder workshop during the consultation phase.

Objectives

Following this detailed consultation process we identified four objectives for the strategy, as follows.

1. Focus on affordability
2. Make sure there is equal access to utility services
3. Empower consumers through education and transparency
4. Provide leadership through being a best-practice regulator

Most of those who responded to the consultation supported our objectives and agreed that five years is an appropriate length for this CPS. They agreed with both the process and the approach of the strategy, and many said that the theme of protecting all consumers, with a special focus on the most vulnerable, was appropriate.

2. http://www.uregni.gov.uk/uploads/publications/Consumer_Protection_Strategy_Consultation_-_March_2015.pdf

The CPS will build on a strong foundation of regulatory protection which we already have in place. As well as general competition and consumer law, this existing protection includes price controls and other licence and code of practice requirements that we use to effectively regulate electricity, gas and water companies. Also, our consultation process has identified a range of separate initiatives designed to strengthen consumer protection. These initiatives make up our new five-year strategy.

Some of the initiatives are aimed at reviewing existing protection, for example the critical and special care registers, to make sure that it is still effective. There are also proposals for new protection such as back-billing procedures and a code of practice on energy theft. We also acknowledge the areas we do not regulate, such as the home-heating oil market. While we cannot directly make changes in areas we do not regulate, we can lead by example. Our minimum standards for codes of practice on issues such as complaints, customers having difficulty paying their bills, and services for people of State Pension age, or disabled or chronically sick people, make sure that the electricity and natural-gas industries lead by example.

We have summarised our existing consumer protection on the next page, along with a summary of the CPS initiatives which will build on that protection.

Consumer protection strategy 2016 – 2021

Affordability

- Draft billing and energy theft code of practices
- Review energy efficiency code of practice
- Draft back-billing procedures
- Work on energy efficiency
- Improve debt communication
- Review arrangements for consumers in crisis

Equal access

- Review care registers
- Examine accessibility issues
- Review and develop consumer involvement by network companies
- Consumers feel safer when utility services make home visits
- Review major-incident communications and learning across industries

Empowerment

- Develop education materials on switching
- Examine tenants' rights and responsibilities
- Improve tariff comparison options
- Make tariff information clearer
- Review electricity GSS and OSS
- Put in place a gas supplier of last resort
- Work on financial inclusion projects
- Improve European Consumer Checklist

Leadership

- Provide examples of best practice through codes of practice
- Take part in working groups (government and industry)
- Work on research projects
- Work with UK Regulator's Network and UK Competition Network

Existing protection

- Price controls
- Tariff reviews
- Codes of practice on energy efficiency and billing
- Market monitoring
- Market design

- Major-incident reviews
- Critical care registers
- Special care registers
- Code of practice for people of State Pension age and disabled or chronically sick people
- NI Water domestic customer charter

- Energy codes of practice on complaints and services for prepayment meters
- Marketing code of practice
- NI Water codes of practice
- Electricity supplier of last resort
- Gas and water standards of performance

- Licence conditions
- Monitoring energy security and supporting renewable energy, in line with government policy
- Working with partners in Northern Ireland such as DETI, DSD, CCNI and Trading Standards Service
- Working with partners outside Northern Ireland such as Ofgem, Ofwat and CER

Delivering our strategy

While workload restrictions prevent us from tackling all of these initiatives at once, we plan to follow a five year timetable. Our plans may alter in future years, but we will tell stakeholders about any amendments to the timings.

Strategy objectives and timings

Objective	Year 1	Year 2	Years 3 to 5
Objective 1: Focus on affordability	Deliver billing information code of practice for energy suppliers. Draft code of practice on energy theft. Work with partners on energy-saving schemes, in particular DETI (EnergyWise project) and DSD.	Begin work on back-billing procedures. Review energy efficiency code of practice requirements.	Work with suppliers on debt communications. Work with others on helping consumers in crisis.
Objective 2: Make sure consumers have equal access to utility services	Review network company critical care and customer care registers (NIE Networks and NI Water). Work with stakeholders to make sure customers feel safer when utility company staff visit their home.	Review energy supplier customer care registers.	Look at accessibility issues for consumers. Review and develop network operators' involvement with consumers.
Objective 3: Empower consumers through education and transparency	Work with others to develop educational materials on switching supplier. Work with others to improve tariff comparison options. Put in place a gas supplier of last resort.	Review electricity GSS and OSS. Review current European Consumer Checklist.	Work on issues for tenants' rights relating to utility services. Give clearer information about tariffs. Work with others on financial inclusion.
Review following year two, to include consumer summit			
Ongoing initiatives – to run throughout the term of the strategy			
Objective 2: Make sure consumers have equal access to utility services	We will review major-incident procedures throughout the strategy. However, in year one we will organise a communication forum between the electricity, gas and water industries to share learning and best practice.		
Objective 4: Provide leadership through being a best-practice regulator	Provide an example of best practice through codes of practice. Take part in working groups across government and industry. Work with European groups such as CERRE on research projects. Work with UK Regulator's Network and UK Competition Network.		

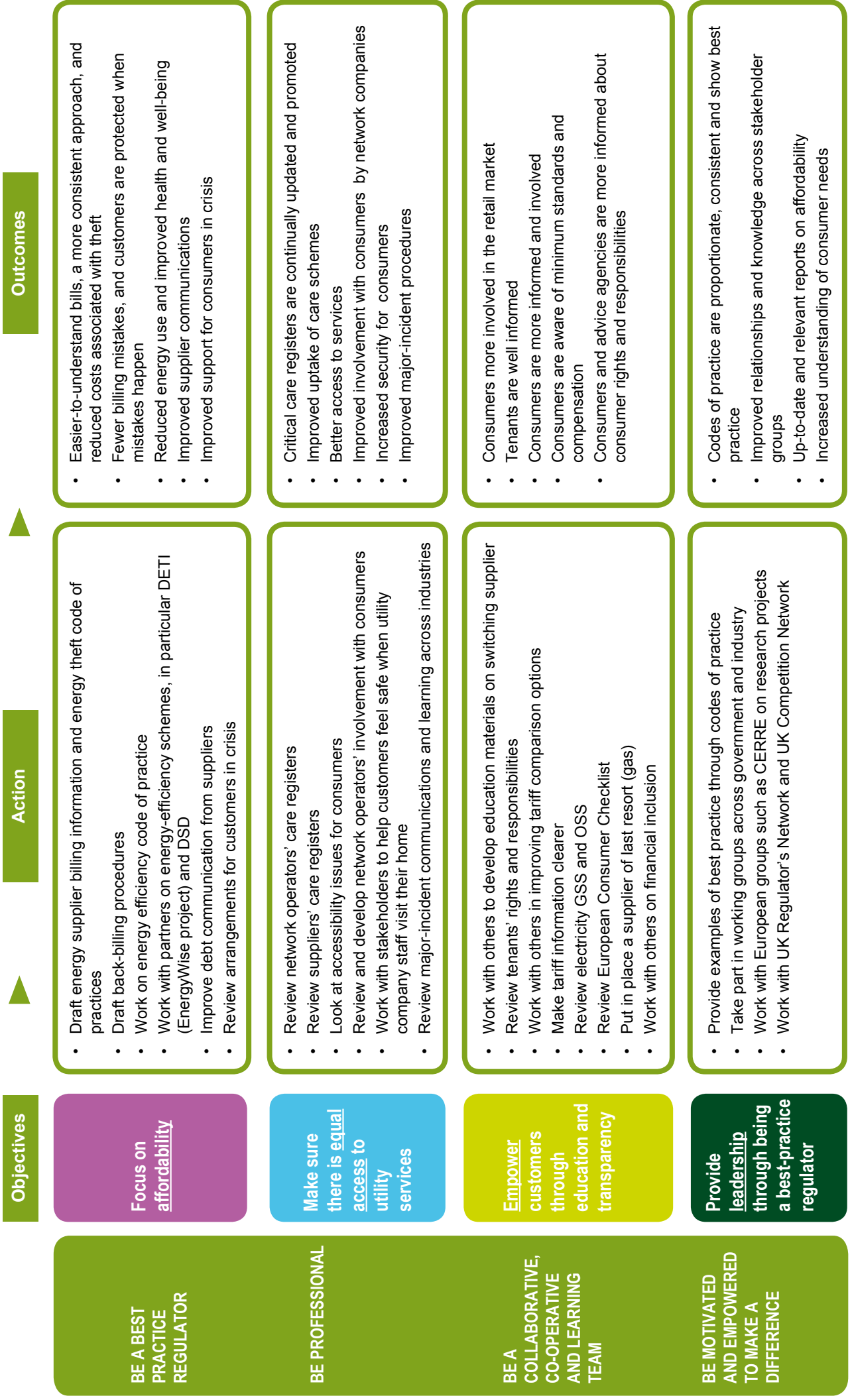


Those who took part in the consultation agreed that the proposed initiatives would have a positive effect on consumers. While none of them submitted specific estimates of costs for the proposed initiatives, some said that we should bear in mind the cost of regulation. We are aware that, in order to have a positive effect on consumers, the cost associated with each project must not outweigh the benefits. However, we cannot accurately estimate the cost of each initiative until it has fully begun. So we have decided we will consider the cost and benefit of each of these projects at the start of the project, throughout the project and at the final review. We will also further consider equality issues throughout the individual initiatives. We will design each of the initiatives so that they have a positive effect on consumers.

We will review the strategy following year two, by holding a consumer summit. This will allow all stakeholders to give feedback on the progress of the strategy and help us make any adjustments that may be necessary due to external factors and considerations. It will also set the timetable for the rest of the strategy.

The table on the following page summarises the activities and expected outcomes of the strategy.

Corporate Strategy objective 3: Protecting the long-term interests of all consumers





3. Conclusions and next steps

We have provided this summary of our CPS for easy reference. You can see a copy of the full CPS decision paper on our website – www.uregni.gov.uk. The full decision paper has more information on all of the factors we considered, including the context for developing this strategy, consumers' involvement, and responses to consultation. The full CPS decision paper also has information on projects which we could not include in this summary.

We will monitor and review the CPS regularly, and hold a formal review following year two. The formal review will include a consumer summit, where we will invite our main stakeholders to give us their feedback on the progress of the strategy and suggest any changes they think we should make to it. The CPS is the most important part of our corporate strategy objective of protecting the long-term interests of consumers. And it comes at a time when consumers are facing increasing difficulties and a higher risk of being in circumstances in which they could be considered vulnerable.

As part of our day-to-day work, we use a range of tools to achieve our objectives. These include price controls, effective market design,

licence monitoring and enforcement. Our new CPS builds on these.

We look forward to working with CCNI, the Trading Standards Service and other key partners to make sure that domestic consumers, especially those who are most vulnerable, are protected when dealing with energy and water companies.

During our mid-term and final reviews of the strategy, we will measure its success by asking the following.

- Have we carried out individual initiatives on time, or have they been rescheduled (for a good reason)?
- Have we made any necessary adjustments to the strategy so that external factors can be taken into consideration?
- Have individual initiatives had a positive effect on consumers?
- Have people attending the consumer summit reported positive effects from the strategy so far?
- Has customer research shown a high level of satisfaction with customer-protection measures and are consumers able to make informed decisions?

4. Timings and outcomes for CPS objectives

Objective 1: Focus on affordability

Project	Year 1 2016- 2017	Year 2 2017- 2018	Years 3 to 5 (Review in year 2 will set the priorities for years 3 to 5)	Outcomes
Billing information code of practice for energy suppliers	✓			A best-practice approach to delivering clearer and easier-to-understand bills and which allows consumers to take control of their energy use and recognise mistakes in bills.
Code of practice on energy theft	✓			A reduction in costs associated with theft, as these costs are shared by all consumers. A best-practice approach to preventing, detecting and dealing with theft. A greater awareness of consumers' responsibilities.
Work with partners on energy-saving schemes, in particular DETI (EnergyWise project) and DSD	✓	✓		Homes are more energy efficient. Customers are warmer and spend less on energy bills. Less carbon pollution.
Begin work on back-billing procedures		✓		Fewer instances where mistakes in bills lead to large bills that date back over several years, and a more consistent approach to correcting mistakes in bills that date back over a long period.
Review energy efficiency code of practice		✓		Consumers become better informed and able to manage energy-efficiency improvements.
Work with suppliers on debt communications			✓	Consumers in financial difficulty contact their supplier earlier, so avoiding debt (and the supplier avoids bad debt).
Work with others on helping consumers in crisis			✓	Consistent services and improved support for consumers at critical times such as when dealing with illness, death in the family, or losing a job.



Objective 2: Make sure there is equal access to utility services

Project	Year 1 2016- 2017	Year 2 2017- 2018	Years 3 to 5 (Review in year 2 will set the priorities for years 3 to 5)	Outcomes
Review network company critical care and customer care registers (NIE Networks and NI Water)	✓			Consumers are more aware of the critical care and customer care registers.
Work with stakeholders so that customers feel safe when utility company staff visit their home	✓			Customers feel more secure when a member of staff from a utility company visits their home (for example, to read the meter).
Review energy supplier customer care registers		✓		Improved uptake of supplier customer care registers.
Look at accessibility issues for consumers			✓	Better access to services for all consumer groups.
Review and develop consumer involvement by network operators			✓	Improved consumer involvement and protection.
Review major-incident communications and promote learning across industries	This will be ongoing throughout the strategy. However, in year one we will organise a communication forum between the electricity, gas and water industries to share learning and best practice.			Best practice on major incidents is shared between the electricity, gas and water industries and regulators.

Objective 3: Empower consumers through education and transparency

Project	Year 1 2016- 2017	Year 2 2017- 2018	Years 3 to 5 (Review in year 2 will set the priorities for years 3 to 5)	Outcomes
Work with others to develop educational materials on switching	✓			Increased retail market activity.
Work with others in improving tariff comparison options	✓			Domestic consumers more informed and involved.
Establish gas supplier of last resort	✓	✓		Customer confidence if a gas supplier exits the market and continuity of supply.
Review electricity GSS and OSS		✓		Consumers informed about minimum standards and compensation.
Review of current European Consumer Check List		✓		Domestic consumers and advice agencies more informed about consumer rights and responsibilities.
Work on issues for tenant rights regarding utility services			✓	Tenants better informed of their rights and responsibilities.
Make tariff information clearer			✓	Tariff structures designed in a way that makes sure they are easy to understand.
Work with others on financial inclusion			✓	Solutions found to improve outcomes for customers who do not currently have access to a bank account or the internet.



Objective 4: Providing leadership through being a best-practice regulator

Project	Years 1 to 5	Outcomes
Provide best-practice examples via codes of practice	This work will be ongoing throughout the term of the CPS.	Continued monitoring and development of all codes of practice will improve consumer protection in the electricity, gas and water industries. This provides a best-practice example to other industries.
Take part in working groups across government and industry	We will take part in working groups as appropriate throughout the term of the CPS. We will plan the consumer summit in year 2 in order to help with the review of the CPS.	We continue to follow an evidenced-based approach, using up-to-date and relevant reports on key consumer-related matters.
Work with European groups such as CERRE on research projects	This work will be ongoing throughout the term of the CPS.	We continue to follow an evidenced-based approach, using up-to-date and relevant reports on key consumer-related matters.
Work with UK Regulator's Network and UK Competition Network	This work will be ongoing throughout the term of the CPS.	Stakeholders in government and industry continue to be involved in putting in place and reviewing the CPS.

Glossary and abbreviations

CCNI	Consumer Council for Northern Ireland
CER	Commission for Energy Regulation in RoI
CERRE	Centre on Regulation in Europe
CPS	Consumer protection strategy (this strategy)
DETI	Department of Enterprise, Trade and Investment
DRD	Department for Regional Development
DSD	Department for Social Development
GSS	Guaranteed Service Standards
NIE Networks	Northern Ireland Electricity Networks
Ofgem	Office of Gas and Electricity Markets in Great Britain
OSS	Overall Standards of Service
TSS	Trading Standards Service
UR	Utility Regulator
Ofwat	The Water Services Regulation Authority in Great Britain
Financial inclusion	Projects designed to help consumers who do not have access to a bank account or internet services.
Electricity supplier of last resort	Project designed to make sure that all consumers have a continuous supply of electricity if a supplier leaves the market unexpectedly.
Gas supplier of last resort	Project designed to make sure that all consumers have a continuous supply of gas if a supplier leaves the market unexpectedly.
Sustainability	Refers to economic, social and environmental practices that are capable of continuing into the future without disadvantaging future consumers.

Utility Regulator
 Queens House
 14 Queen Street
 Belfast BT1 6ED

T: 028 9031 1575
 E: info@uregni.gov.uk

www.uregni.gov.uk



Copies of this document can be made available in large print, Braille, audio and a variety of minority languages if required.