



**RESPONSE TO THE UTILITY REGULATOR'S
SOCIAL ACTION PLAN 2009-2014**

9 MARCH 2009

1. We welcome this opportunity to comment on the Utility Regulator's Social Action Plan 2009-2014 as it relates to water and sewerage services. We appreciate that much of the document relates to the energy sector. The Executive is considering the position on water but there is likely to be a fundamental difference in the Executive's approach to affordability issues on water compared to energy and to the GB approach to water. Even if the Executive decided that water and sewerage services were to be funded directly by customers, based on previous statements, it would want to ensure that there was a robust system in place to assist less well off consumers. We should assume that this would involve a level of government intervention which is greater than in GB on water and greater than on energy. This leads us to suggest a cautious approach by the Regulator on these issues.
2. Given the current political and strategic environment, we have provided a 'high-level' response rather than address the individual consultation questions which deal with its implementation.
3. We note that the Social Action Plan has largely resisted making specific commitments that risk pre-empting Executive decisions. For example, chapter five, which deals with measures to reduce financial vulnerability, focuses on electricity and gas. However, we have comments on some of the water references which illustrate the difficulty of consulting on policy areas which the Executive is considering.
4. Paragraph 1.1. We believe that it will be challenging to produce an effective cross-cutting strategy which includes the water industry at this time. As already noted, water could be seen as being in a transitional state and, even if it wasn't, it may be subject to a much greater degree of Executive control than electricity or gas on affordability. There may be limits as to a cross utility approach.
5. Paragraphs 1.2. and 1.4. As is acknowledged, the Executive has not agreed policy in these areas. We would add that it is highly speculative to quote a few specific figures. As the Strand 2 report said (para. 7.5) some figures have to be treated with caution. The implication of paragraph 1.4 is that, even if the

Executive decided to introduce additional household payments and even if it adopted the Independent Review's recommendations on affordability, water poverty would still be higher here than in GB. But the Panel added, "what struck us most - - was that almost all of those who qualified for the tariff were lifted out of water poverty." (para. 7.8). What concerned the Panel was the take-up of benefits which would passport people to the tariff. In later paragraphs (7.17 - 7.19) the Panel discusses the effect of its proposals when combined with other proposals to acknowledge previous payments (which the Executive has previously said it would accept should it introduce payments). On this analysis the water poverty rate falls to 4%. The passing references to water affordability could lead to the conclusion that the Panel's proposals are inadequate in some way. This would be a misleading representation of the Panel's analysis and not address the issue that the Panel identified. In terms of government intervention to assist vulnerable consumers there is no comparison between what the Panel proposed and the situation in GB. It might have been better simply to refer to the Panel's analysis.

2. Paragraph 1.7. This paragraph mentions more efficient use of water. This is a laudable goal in itself. However, making a direct link between the more efficient use of water and reduced costs to individual customers could be seen as attempting to pre-empt Executive decisions about payment methodology should the Executive decide to introduce payments. The legislation covering this area (Chapter II of Part V of the Water and Sewerage Services (NI) Order 2006) does restrict the Regulator's power to cause the imposition of efficiency of efficiency measures so some caution is required. This is quite distinct from the other point, about "efficient costs", which is mentioned in the paragraph and which is accepted.
3. Paragraphs 3.6 – 3.8. These paragraphs discuss the Panel's consideration of "water poverty". As Executive decisions are awaited it might have been better to refrain from criticising the approach in the last paragraph. There seems to be insufficient justification for the remarks given the summary nature of the comments.

4. Paragraph 3.9 – 3.13. The approach taken in these paragraphs is at odds with the approach taken by the Independent Review. From a water perspective it seems more like the approach taken in GB (though it may reflect the approach in the energy sector) where the level of support for the less well off is very much lower than that proposed by the Independent Panel. We do not think this would be a particularly helpful approach here but the Executive has not yet decided policy.
5. Paragraph 3.11. The Social Action Plan needs to be clearer in its definition of vulnerability to terms of (i) access to services (those who may have difficulty accessing service because of language barriers or learning difficulties, etc); and (ii) financial vulnerability (those who find it difficult to pay for the services they receive). The two issues seem confused.
6. Paragraph 3.17. This paragraph reiterates points about the potential reduction in water poverty through an affordability tariff. The comments seem unbalanced and unnecessarily negative to us. See our comments on paragraphs 1.2 & 1.4 above.
7. Paragraph 4. 8. The last sentence should say, “if the Executive decides to - -“
But you have taken this approach elsewhere and the meaning is clear.
8. We appreciate the Utility Regulator’s willingness to share work programmes with other stakeholders and hope that our comments will be give full consideration