

**Reflecting on NIAUR's Corporate Strategy  
2009-14: A mid-term review discussion  
paper**



*Campaigning for Warm Homes*

**NEA NI Consultation Response**

**September 2011**



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## **Corporate Strategy 2009-14: A mid-term review discussion paper**

National Energy Action Northern Ireland (NEA NI) welcomes the opportunity to respond to this consultation from the Northern Ireland Authority for Utility Regulation (NIAUR) on their 'corporate strategy 2009-14: A mid-term review discussion paper'.

NEA is the fuel poverty charity working throughout the United Kingdom, with offices in each of the devolved administrations.

Progress had been made in reducing Fuel Poverty in Northern Ireland between 2001 and 2004 (from 27% to 23%) but by 2006 the rate of fuel poverty had increased to 34%, largely as a result of the very significant increases in the price of fuel.

The most recent Northern Ireland House Condition Survey 2009, carried out by the Northern Ireland Housing Executive, states that some 44% of households in Northern Ireland are now in fuel poverty<sup>1</sup>. The Survey also indicates the differing levels of fuel poverty in each of the housing tenures in Northern Ireland. The Survey states that, 40% of people living in owner occupied accommodation are in fuel poverty; 55% of people living in private rented accommodation are in fuel poverty and 51% of people living in social housing are in fuel poverty<sup>2</sup>.

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<sup>1</sup> Northern Ireland House Condition Survey 2009

<sup>2</sup> Northern Ireland House Condition Survey 2009



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## Issues raised in the Consultation paper

NEA NI welcomes the work undertaken to date by the Northern Ireland Authority for Utility Regulation (NIAUR) on consumer issues, especially looking into debt situations of consumers in Northern Ireland. The approach taken by the NIAUR is to be encouraged; working in partnership with the advice sector on such issues will deliver a better result for vulnerable consumers in Northern Ireland.

We also welcome the (NIAUR) Corporate Strategy's emphasis on the protection of consumer rights. The implementation of the EU third energy packages sets out a number of protocols to protect consumers. NEA NI, as the fuel poverty charity, believes that these protocols' are highly important in guaranteeing the necessary levels of protection for vulnerable consumers in Northern Ireland.

A high level of protection is needed for the most vulnerable in Northern Ireland. The communication and interaction made by energy suppliers with and to vulnerable consumers must be delivered with a high level of 'customer care'. It is NEA NI's experience that some energy suppliers have been seen wanting in this regard; choosing to use the most punitive measures with the most vulnerable. This behavior was particularly evident in the formation of debt recovery plans by some energy suppliers operating in Northern Ireland.

Thus, NEA NI would urge the NIAUR to be mindful that a body of work exists in developing a more 'customer friendly' energy industry. One that respects and shows understanding, to the difficult personal circumstances of consumers in Northern Ireland and which provides information in an open, clear and transparent manner.



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### Addressing rising fuel poverty figures in Northern Ireland

As would be expected, fuel poverty rates are closely linked to household income levels; the table below highlights the correlation between annual household income and the prevalence of fuel poverty.<sup>3</sup> The table below illustrates the extent to which low income predisposes individual households to fuel poverty in Northern Ireland.

<b>Fuel poverty and household income</b>			
Annual household income	% in fuel poverty 2009	% in fuel poverty 2006	% in fuel poverty 2001
Less than £7,000	86%	75%	68%
£7,000 and £29,999	52%	26%	11%
£30,000 or more	3%	3%	Less than 1%
Overall FP Rate	44%	34%	27%

As highlighted, we will never enable some individuals to escape fuel poverty without other interventions such as the introduction of social tariffs or other social protections. We believe the regulator should continue its work around social tariffs in a more robust fashion and help devise a mechanism through which such protection could be provided.

### Increasing competition in the domestic market

NEA NI welcomes the drive by the NIAUR to introduce competition into the domestic energy market in Northern Ireland. However, NEA NI was disappointed at the lack of enforcement around the implementation of the

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<sup>3</sup> Northern Ireland House Condition Survey 2009, NIHE,.



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appropriate infrastructure so that all could avail of the discounts offered through switching at the same time. Those consumers using alternative methods such as prepayment meters were excluded from the benefits in price reduction brought about by competition. The prepayment consumer, who is more likely to be a vulnerable customer, was denied these benefits due to the lack of development of appropriate systems. This highlighted a lack of consumer protection and disadvantaged those who needed the benefits of competition most. This situation continues today due to the slow ability of pre payment switches. This situation is unacceptable and must not be allowed to occur again.

A major failing in the document is any attempt to address the growing volatility of oil and the financial burden that domestic oil fired central heating user's face. While we acknowledge that all domestic energy prices are on the increase, the lack of budgeting options for oil puts additional strain on the household budget. To tackle fuel poverty we must tackle the difficulties with oil including installation and system efficiency.

We also note that the development of SMART metering coming on stream may assist with household behaviour and we urge the regulator to ensure that vulnerable household needs continue to be reflected in this policy arena including the need to educate and communicate to consumers on sustainability.

While we appreciate that the role of regulation has many facets it is imperative that the office is seen to act in a robust manner in relation to the treatment of consumers, especially the most vulnerable. We look forward to working with you to this end and acknowledge your endeavours in doing so to date.