

NIE Energy Supply Price control 2011 - 2013



Campaigning for Warm Homes

NEA NI Consultation Response

June 2011



National Energy Action

National Energy Action Northern Ireland (NEA NI) welcomes the opportunity to respond to this consultation from The Northern Ireland Authority on Utility Regulation on the 'NIE Energy Supply Price Control 2011 - 2013'.

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

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 poverty¹. The Survey also indicates the differing levels of fuel poverty in each of the housing tenures in Northern Ireland. The Survey states that,

- 44% of households in Northern Ireland are now in fuel poverty², an increase of 10% from 2006;
- The highest incidence of fuel poverty is in the Owner Occupied (58.9%) and Private Rented Sector (22.4%); and
- Fuel poverty disproportionately affects the Older people, families with young children and the disabled or those with long-term illness.

¹ Northern Ireland House Condition Survey 2009

² Northern Ireland House Condition Survey 2009



NIE Energy Supply Price Control 2011 – 2013: Consultation response

This paper is a response to the Northern Ireland Authority for Utility Regulation (NIAUR) consultation on NIE Energy Supply price control for 2011-2013. This response will comply with the structure recommended by the NIAUR and include comment under the following headings;

- (1) Allowed Operating Costs;
- (2) The methodology for setting the margin; and
- (3) Suggestion of alternative relevant measures/actions.

Allowed Operating Costs

Price Control

NEA NI is concerned at the proposed change to the format of the price control made in the Consultation paper. Indeed, a move away from a price control that is based on customer numbers to a format based on turnover is one that NEA NI would seek more clarification on.

NEA NI would not wish to see a price control established by NIAUR that would incentivise NIEES to sell more units of electricity, and consequently promote customers to use more energy consumption pattern or cherry pick high end users.

Indeed, fuel poor households are more likely to have a small energy consumption pattern, and could in no way be seen as 'high energy users'. This is particularly true of Older person households. NEA NI call on the NIAUR



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to be mindful of the energy profile of the fuel poor household when reaching a final position in relation to the price control.

A price control that incentivises the selling of electricity units seems to also be at odds with current environmental policy in Northern Ireland; a policy that is focused on a CO₂ emissions reduction plan. Any price control set by the NIAUR would have to be mindful of the need to meet environmental obligations and increase renewable energy generation in the longer term.

Energy Efficiency

One of the three main contributing factors to fuel poverty is energy efficiency.

It is our understanding that during the tenure of Mc Lldoon a relationship was established which incentivised NIEES to promote energy efficiency; any move to reverse this may have a severe impact upon low income customers. WE strongly call on the NIAUR to examine how any such move would impact on the fuel poor.

NIE Energy has proved to be a dedicated and highly motivated stakeholder in the area of increasing levels of energy efficiency. Indeed, NIE Energy has been a major partner in both the Energy Efficiency Levy and the Northern Ireland Sustainable Energy Programme. NEA NI would commend the work that has been done to date in ensuring the spread and uptake of energy efficiency measures across Northern Ireland; both in terms of hard measures and promotional schemes such as distribution of energy saving light bulbs.



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NEA NI welcome an increase in the type of activity mentioned above, this approach to energy efficiency has proved successful and should continue unimpeded.

Methodology for setting the margin

NEA NI would support the NIAUR's comments in relation to the level of market risk that NIEES are now exposed to following the introduction of competition into the electricity market in Northern Ireland.

NEA NI welcomes increased competition in the market and we believe that this will be beneficial to customers. However, we are mindful that 'competition' in Northern Ireland refers to just two electricity suppliers. NIEES' claim that they are now exposed to a high level of risk due to this increased competition seems premature.

NEA NI also accepts the issues raised by NIAUR in relation to customer switching rates.

Suggestion of alternative relevant measures/actions

NEA NI, as the leading fuel poverty charity in Northern Ireland, would urge the NIAUR to be ever mindful of the impact that electricity price has on customers and more acutely on vulnerable customers.

Affordable warmth should be available and accessible to every household in Northern Ireland, without exception. Fuel poverty levels in Northern Ireland are the highest in the United Kingdom and NEA NI looks forward to tackling this problem together with the NIAUR and NIEES; building a solid foundation of partnership working.



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