

NORTHERN IRELAND ELECTRICITY plc

**The Utility Regulator's
DRAFT SOCIAL ACTION PLAN
2009-2014**

NIE's RESPONSE

20 March 2009



Introduction

Northern Ireland Electricity plc (NIE) is pleased to provide this response to the Utility Regulator's draft Social Action Plan for 2009-2014. From NIE's perspective as owner of the transmission system and owner / operator of the distribution system we comment on the following key subject areas included within the Plan:

- Special Services.
- Financial Vulnerability.

Protecting Vulnerable Customers : Part 1 – Special Services

Critical Care

NIE offers a critical care information service to customers who are dependent on life supporting electrical equipment. We believe that the current process for managing critical care customers works very well.

When customers on our critical care register contact NIE during a power cut, we will recognise their telephone number and their call will be given priority. We then contact them regularly throughout the duration of the power cut with up-to-date information. Customers on the critical care register can provide NIE with details of a relative or carer as an alternative, if we are unable to make direct contact with them.

In the event of an interruption to supply planned by NIE, we will contact customers at least three days beforehand and inform them of the expected duration of the interruption.

It is important that customers dependent on life supporting electrical equipment are aware of NIE's Critical Care Register in order to benefit from this priority information service that is available to them.

Languages

NIE is currently in the process of updating its website to provide customer information in other languages. This information should be available in April 2009.

Protecting Vulnerable Customers : Part 2 – Financial Vulnerability

Mutualisation

The consultation refers to the Authority's intention to review the performance of the mutual model as applied within Northern Ireland Energy Holdings (NIEH) and, following this, "to consider the potential for applying the mutual model to other utility infrastructure assets" (in partnership with DETI).

NIE has set out its position on the mutualised model in previous responses to other consultations by NIAUR and DETI. In summary: the equity model has been very effective in NI (having brought about a c40% real reduction in core transmission and distribution charges since privatisation). Mutualisation is a model which other regulators eschew or of which they are at least properly wary - Ofgem and Ofwat have not pushed companies towards the mutual model and Ofwat has recognised these highly geared structures as potentially “unsustainably brittle” and the impact of failure is all the greater where there is a concentration of assets within them. No Distribution Network Operators or Gas Distribution Network companies in GB have adopted the mutual model and it is far from being accepted public policy for utility assets. There may also be a concern whether in Northern Ireland, where there is a significant enterprise deficit, it is appropriate to encourage the appropriation of assets by semi-public structures, where those assets can otherwise be owned and managed efficiently in the private sector. A principal objective of public policy should be to encourage private enterprise and entrepreneurship. Douglas McIlldoon’s recent report identifies wholesale generation costs as the primary area for action on electricity prices.

Social Tariffs

NIE considers that government agencies should have the prime role in the administration of social tariff arrangements. This should include responsibility for the identification of those customers eligible for a social tariff and the ongoing communication of that information to electricity suppliers and NIE as appropriate.

The administration of social tariffs is likely to present significant data management issues. In particular, data protection requirements will have to be considered carefully where the process requires personal information to be provided by government agencies to suppliers and / or NIE in order to identify those customers that are eligible for a social tariff. Furthermore, any requirement to match personal data from systems operated by government agencies with the billing systems operated by electricity suppliers and NIE is likely to present a considerable challenge and will require detailed consideration.