



**Response to the
Draft NIAUR Social Action Plan 2009-2014**

23 March 2009

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1. Introduction

- 1.1 Northern Ireland Water (NI Water) welcomes the opportunity to respond to the consultation from the Northern Ireland Authority for Utility Regulation (the Utility Regulator) on their Draft Social Action Plan 2009 – 2014.
- 1.2 Although the consultation has been set out by the Utility Regulator as a unified document encompassing the three utilities of gas, electricity and water, we believe there are a number of crucial differences between the water industry and the energy sectors in Northern Ireland. We have highlighted some of these in our response below.
- 1.3 We consider that the significance of some of the issues raised in the draft Action Plan consultation will not be fully appreciated in the water sector until domestic billing is introduced, and the billing and collection methodology is defined. Also, when domestic billing commences, as a government owned company (GoCo), NI Water will have limited opportunity to set policy as it relates to vulnerable customers. Generally, we will be constrained to follow the policies set by ministerial directive and our shareholder, DRD.
- 1.4 The chapter structure of our response is aligned to the original structure of the Utility Regulator consultation and the questions posed by the Utility Regulator are contained in each section before our response. We trust this structure is helpful in the presentation of our response.

2. Background

Question 1

“Respondents are asked to comment on the impact of this paper with regard to equality of opportunity and good relations.”

- 2.1 NI Water welcomes the Utility Regulator’s consultation on the draft Social Action Plan and this initiative aimed at benefiting vulnerable groups and addressing water poverty. The need to consider enhancing equality of opportunity and good relations are important current societal issues requiring multifaceted solutions.

3. Defining the Problem

Question 2

“Respondents are asked their views as to whether we have considered all the characteristics that may contribute to or intensify vulnerability.”

- 3.1 The Utility Regulator has identified a comprehensive list of characteristics.
- 3.2 A unique distinction of the water sector is that there is no legal provision for the disconnection of water and/or sewerage services as a result of non-payment of bills. Therefore, we recommend that the Utility Regulator takes into account the fact that the characteristics of a vulnerable water customer may not be the same as a vulnerable energy customer.
- 3.3 Unlike energy customers, increased demand from domestic water customers (unless metered) does not result in increased bills. This is something that should be considered by the Utility Regulator in the definition of what constitutes vulnerability in the water sector.

4. Protecting Vulnerable Customers: Pt 1 – Special Services

Question 3

“Respondents are asked to what extent they believe critical care provision could be improved. In particular respondents are asked to what extent similar emergency provisions in the event of a disruption to supply are required for gas. In responding, it would be useful if specific improvements could be detailed and in particular details of medical conditions or life saving medical equipment that require a constant supply of gas could be given.”

- 4.1 NI Water is legally required to produce Codes of Practice for customer service. These are a series of customer-centric policies and practices, based on legal obligations and responsibilities for NI Water - set out in Conditions G, H and I of our Licence. They form a major element of our regulated customer management strategy, along with Guaranteed Standards Scheme and ‘DG’ Levels of Service. “Priority Services” and a “Customer Charter” are not specific

requirements within the Licence, but we have included them in line with accepted industry best practice. The Priority Services Codes of Practice offer a range of extra services for those with a disability, a serious medical condition, the elderly, or those who need extra help for any other reason. Our Codes of Practice were developed in conjunction with CCNI and approved by the Utility Regulator.

5. Protecting Vulnerable Customers: Pt 2 - Financial Vulnerability

Question 4

“Respondents are asked to comment on whether they believe all customers have sufficient access to different payment methods offered by the utility suppliers. Respondents should list the barriers they perceive as preventing some vulnerable customers from accessing all payment methods.”

- 5.1 Apart from the fact that domestic billing has not yet been introduced in the water sector, we would point out that a significant difference between NI Water and the energy utilities is the prepayment meter which will not be a payment option for our customers – even for metered customers.
- 5.2 The water bill collection method has yet to be defined, but it should be noted that not all consumers have access to, or are able to use, the internet to make payments.
- 5.3 Some consumers may not have a bank account or will have a cash only account, which means that they could be excluded from the full range of payment methods (internet, direct debit and debit card).

Question 5

“Respondents are asked to consider what measures, if any, need to be taken to ensure that pre-payment customers benefit equally from the introduction of retail competition in Northern Ireland.”

- 5.4 There is no retail competition in the water sector in Northern Ireland. Where retail competition exists in England, Wales and Scotland, it is limited to commercial, non-domestic water customers.

Question 6

“Respondents are asked to comment on the merits of a harmonized approach in relation to helping vulnerable customers to avoid debt and to manage their way out of debt.”

- 5.5 When domestic water charging is introduced, NI Water would welcome the opportunity to work with other utilities and relevant consumer bodies such as CCNI, CAB, Help the Aged, etc, to develop policies and procedures which will help consumers to manage their payments.
- 5.6 We would welcome the opportunity to continue this work with interested stakeholders in order to support vulnerable customers.

Question 7

“The Utility Regulator acknowledges the concerns of stakeholders around self-disconnections. Respondents are asked to comment on what should be done to prevent vulnerable customers self-disconnecting for reasons of financial hardship.”

- 5.7 The water industry does not utilise prepayment meters and, therefore, the question of self-disconnection does not apply to water customers.
- 5.8 As discussed in our response to Question 2, there is no legal provision for the disconnection of water and/or sewerage services as a result of non-payment of bills. Therefore, financial hardship cannot lead to voluntary or enforced disconnection.

6. Key Issues Going Forward

Question 8

“Respondents are asked to comment on what measures should be undertaken to raise awareness, and which organisation(s) should take the lead on these measures.”

- 6.1 As set out in our response to Question 6, NI Water would welcome the opportunity to work with other utilities and relevant consumer bodies such as CCNI, CAB, Help the Aged, etc, to develop policies and procedures which will help consumers to manage their payments.
- 6.2 NI Water is committed to working with customers and key stakeholders, such as CCNI and other customer groups, to understand their expectations and views. NI Water has recently completed a comprehensive and in-depth study of customer views and opinions – used to inform our Business Plan investment strategy. This major piece of research was carried out in partnership with CCNI. One of the key priorities for NI Water is to identify the areas of service that customers want us to prioritise and improve. It is essential that consumers’ priorities are understood and used to inform our future expenditure and investment decisions. In addition, the research will have a wider benefit of informing us and other key stakeholders of consumer opinions, thereby helping contribute to wider policy development.

Question 9

“Respondents are asked to comment on whether there are any other key issues that should be considered.”

- 6.3 Notwithstanding the fact that domestic water billing has not yet been introduced in Northern Ireland, NI Water welcomes the Utility Regulator’s Social Action Plan as a positive initiative towards addressing the major issues impacting upon vulnerable customers and special needs groups.
- 6.4 We would seek clarity on whether the Utility Regulatory intends to make a clear distinction between those who are deemed to suffer from fuel poverty and water poverty, or is it your intention to establish a single definition for customers who suffer from either fuel or water poverty?

7. Forward Work Plan

Question 10

“Respondents are asked to comment on this future work plan.”

- 7.1 NI Water welcomes the inclusion in the future work plan of the Utility Regulator’s plans to monitor our efforts to promote water efficiency and achieve an economic level of leakage (ELL). NI Water has a statutory obligation to promote and then report on its activities in relation to water efficiency through the Annual Information Return (AIR) – which we will continue to do.
- 7.2 Although there are no current major supply/demand pressures in Northern Ireland, we believe that water resources are precious, and sound management is required to maintain long term supplies. NI Water is actively targeting reductions in the water needed for distribution, primarily through leakage reduction. In addition, we believe that water efficiency is also an integral part of sound water management.
- 7.3 NI Water already has an extensive education programme which includes school, community and public components to promote awareness of the precious nature of water and the need to consume water efficiently. We look forward to working with the Utility Regulator in further promoting water efficiency.
- 7.4 Most of the actions contained within the Social Action Plan are already being considered within NI Water’s normal business. In addition to monitoring and ensuring compliance, NI Water will regularly review special services to customers in light of current/future customer views surveys.

8. Supplementary NI Water Comments

- 8.1 The main focus the Social Action Plan is on protecting vulnerable utility customers. We recommend that the Utility Regulator consider how citizens who do not currently have water and/or sewerage connections are addressed - i.e. those with private water supplies and/or septic tanks. Whilst this sector of the community may not be defined as “customers” of NI Water, the reasons

why they remain unconnected should be considered. Such reasons may involve the adverse economics of providing potential customers with a supply due to their (rural) locations - a point highlighted in paragraph 3.12 of the Social Action Plan.

- 8.2 Paragraph 2.15 of the Social Action Plan states that the purpose is to improve equality of opportunity for disadvantaged groups in accessing utility services. Therefore, we recommend that the Utility Regulator considers such scenarios (the unconnected population) in order to ensure Targeting Social Need and addressing the possibility of “customers” being disadvantaged for reasons such as location.
- 8.2 Customers may not be connected to the public sewerage system and instead utilise a private septic tank (which requires periodic desludging). Typically, septic tanks are found in rural rather than urban locations. This could give rise to perceived imbalances in sewerage charges. We recommend that the Utility Regulatory consider any possible implications within the context of the Social Action Plan.

9. Summary

- 9.1 Over 1.7 million people in Northern Ireland rely on NI Water for their water and wastewater services. NI Water is dedicated to providing the community it serves with water and wastewater services which meet regulatory requirements at the lowest sustainable cost.
- 9.2 NI Water is committed to the community we serve and making a positive contribution by working in partnership with businesses, local authorities, charities, as well as educational and voluntary organisations. We look forward to our continued interaction with the Utility Regulatory, consumer representative bodies and other utility providers in addressing the issues raised in the Utility Regulator’s Social Action Plan.