



Campaigning for Warm Homes

The Utility Regulator's Social Action Plan 2009-2014

NEA NI is the national energy action charity working in Northern Ireland to eradicate fuel poverty through campaigning, and information, and over the last 15 years has built up expertise around all aspects of the causes, consequences, nature and extent of fuel poverty. We developed and own the 6176 Energy Efficiency City and Guilds training course which we regularly deliver as well as the development and delivery of a variety of training courses to a range of statutory and voluntary organisations.

We welcome the opportunity to comment on the range of proposed reforms in this draft social action plan. At no other time has fuel poverty been so prominent with the 2006 House Condition Survey (HCS) recording 34% of households in Northern Ireland experiencing the problem made worse by the massive hikes in fuel prices in the past few years. It is crucial that all the key partners with influence to help tackle this issue and in this case particularly the Regulator, listen to those affected by the issue and work through Government and the Suppliers to find ways to ameliorate the issue in whatever ways possible ensuring that we all get a 'fair crack of the whip'. We hope you find our response useful and look forward to working with you to deliver the work programme where appropriate.

Question 1

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

Response

NEA believes that the action plan has considered Section 75 groups as per the legislative requirement, however, we do believe that other key groups such as carers should be considered as a key conduit to vulnerable groups.

We note that reference has been made in relation to older people, people with a disability and low income householders and welcome this but would also draw attention to the work of University of Ulster, highlighting the impact of fuel poverty on the health of children and adolescents (Save the Children 2008). Furthermore NEA NI were commissioned by DSD to carry out research on the working fuel poor now constituting 66,000 households in Northern Ireland (2006 House Condition Survey) which highlighted the energy inefficiency of their homes yet no government intervention programmes were available to assist. As a consequence the new criteria in the Warm Homes Scheme should enable us to begin addressing this issue nevertheless the money will be required to go a lot further and the issue will be addressed on an incremental basis. This means that many working households deemed to be in fuel poverty will still not be able to access the scheme. All efforts to ensure that this key group is incorporated into the social action plan will be very welcome.

We also believe that as highlighted by the paper itself more work will be required to communicate effectively with ethnic minority communities. There are groups within the community who are best placed to assist the Regulator to this end and we would respectfully recommend that they be engaged in a meaningful way to do so.

In the same vein we recommend further work be carried out with the key agencies who have expert knowledge in the fields within which they work. They will be fundamental in the success of targeting and communicating and raising awareness of the issues highlighted within the Social Action Plan.

Question 2

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

Response

We note the reference to the definition issues and realise that at the extremes the 10% definition can pose anomalies, nevertheless as the leading fuel poverty charity we still maintain that this measure is still fit for purpose. Yes the problem of fuel poverty has increased significantly and the **targeting**, therefore should be more **focused**. We at NEA NI believe this to be the main issue rather than tinkering with the definition.

We therefore welcome the Regulator's approach to attempt to look at the characteristics and intensifiers but would highlight the need to consider vulnerability in the wider context, looking at financial and social exclusion, psychological ill health and diminished education opportunities and to what extent fuel poverty causes or exacerbates these issues.

Consideration could also be given to a range of other issues, such as diseases connected to cold weather related illnesses and housing fabric. We believe that the Regulator should work with particular sectors of the community such as Age, Disability, Children, Rural to ensure that the characteristics and intensifiers are fit for purpose but still maintain that the system needs to be flexible enough to reflect situations outside what we may consider the 'norm' and hence providing a 'person centred approach' as opposed to a 'system led approach' as we so often do. To do this effectively we will need to continue to work directly with people experiencing these issues and challenges and through local community structures.

As witnessed by the workings of the Fuel Poverty Task Force established by Minister Margaret Ritchie in May 2008 targeting will be the key challenge facing us all and while finding time to devise the characteristics and intensifiers is laudable, it is still evident that government departments do have a lot of this information but they are not sharing data effectively to target the most vulnerable. This needs to be addressed and we need to stop citing data protection as a reason to do nothing when the spirit of the legislation was there in the first instance to protect the vulnerable. That said it is not enough for government to find an existing system to solve a new or emerging problem and we feel that this was the case in allocating the 'emergency one - off payment' recommended by said Taskforce when the working fuel poor were left out of the picture perhaps because an existing system was not in place to identify the target group. We at NEA NI believe this was a missed opportunity to do something for those really struggling but falling outside the benefit system. We were further disappointed to see the payment not used more creatively by perhaps in the form of a fuel credit which could have brought with it some additionality.

Fuel poverty is now hitting bars we never expected and doing things as we have done will not solve the problem. New and bold decisions are required and we look forward to our continued working relationship to this end. It is no longer solely appropriate to use benefits as the way to tackle this issue. The benefit system is very complex and Pension Credit alone is not necessarily an indication of low income. We recommend that a benefits expert be brought on board to examine this issue and bring some light to this area.

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.

Response

NEA NI believes that critical care provision should follow best practice and this should be applied across all utilities. We are not sufficiently placed to comment on the requirements and would recommend that the Regulator consults with the Health clinicians and service users to this end.

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.

Response

To help clarify words regarding how a customer pays for the energy used, NEA NI believes that the customer should be aware of all the payment '**options**' offered by utility supplier(s) that they are using. Then the customer needs information and advice about these payment options, including benefits and disadvantages. Upon receiving and acting on the information and advice, the customer can then make an informed decision and choose the option which best suits their needs. When the customer has made this choice and agreed it with the Utility, it becomes their payment '**method**'.

Research carried out by the Utility Regulator and Consumer Council has highlighted the poor knowledge of payment 'options'. NEA NI has been commissioned by DSD to carry out work on Payment Options. We have provided training to the Northern Ireland Energy Agency on this issue. At present we do not feel that information is particularly accessible and believe that further work should be carried out with the Advice Sector and key agencies generally to highlight the benefits and pit falls of the different payment options.

Barriers to pick up:

- Inertia - People continuing to do as they have done;
- Debt – People accepting status quo as they fear approaching Utility Regulator;
- Short-term thinking – Relief in paying a bill and putting off until the next quarter;
- Lack of insight due to a range of issues including mental health issues;
- Literacy and numeracy issues;
- Poor educational attainment;
- Financial exclusion – no bank account.

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.

Response

The fact that prepayment does not bring direct financial disadvantage means that the effective demise of Fuel Direct is not as big an issue in Northern Ireland as in Great Britain but it should nevertheless be available. It is in fact a licence condition of Great Britain.

In terms of avoiding debt we do believe that it can help with budgeting but we still need to have due regard to those who self disconnect. The Consumer Council's research '**In Control**' has highlighted a number of recommendations and we believe these should be lifted and developed and we also believe that the 'friendly credit' amount given by NIE Energy needs to be increased to reflect higher energy cost and that the equivalent friendly credit should be available across the utilities.

It is also much more difficult to monitor usage in gas and a present no flag is in place to warn consumers if they run out. When they do so they may need to restart the boiler in order to reinstate supply. This will and does have implications for vulnerable clients and appropriate advice should be provided ensuring that clients are capable of resolving the situation in the event of self disconnection.

The fact that suppliers like prepayment can also be a reflection of a move away from the problem associated with debt and a rolling back from social corporate responsibility. We believe that this is not acceptable and mechanisms should be put in place to ensure that prepayment is fit for the individual and not just the supplier and that the appropriate people can move across the payment methods with ease as per their needs.

We believe that winter moratorium should be consistent across all suppliers. Can vulnerable households be disconnected in spring and what happens to vulnerable households which have been disconnected in say autumn when winter arrives?

Prepayment can bring many benefits but also poses a number of challenges as we have highlighted below.

Prepayment meters are not solely used by low income customers and according to NIEES half their meters are installed in the able to pay market so it is no longer perceived by many as having a stigma attached and if this trend continues we believe it may be more difficult for suppliers to discriminate against those who use metering systems. That said this is an issue which we believe the Regulator will be required to keep a close watch on as under no circumstance should any person with a meter be unable to avail of the introduction of retail competition or be treated less favourably.

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.

Response

Debt recovery must be consistent across all suppliers, i.e., no discretionary element but based on ability to pay. It is also worth noting that in cases where customers are in receipt of means tested benefits, the weekly amount to recover debt should be Fuel Direct's recovery rate.

It has, however, been brought to the attention of NEA NI that some clients are repaying 70 pence to the £1 on PNG meters which is certainly a disincentive to top up, despite the reason for why a person gets into debt in the first instance. This should not be the driver for the level of debt recovery.

We recommend that debt management training is delivered relevantly and in partnership with the advice agencies and that the debt management is coupled with appropriate energy advice as delivered by NEA NI. This will be crucial in assisting a person not only to manage debt but protect them in energy use to enable them to avoid debt in the first instance.

The Household Budget Scheme is a scheme that helps those in receipt of certain social welfare payments in Ireland to spread the cost of some household bills over the year. Under this scheme, a fixed amount is deducted from social welfare payment each week perhaps this model could be one of a range that be considered when looking at harmonising debt recovery.

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.

Response

As highlighted in Question 5, we would refer the Regulator's office to the Consumer Council research '**In Control**' an investigation into the patterns of use and level of self-disconnection by gas and electricity Pay As You Go meter users in Northern Ireland, Consumer Council, January 2009 but also highlight that while the research flagged a small percentage of disconnections, the landscape has significantly changed and we have had more meter installations in 2009, and higher energy costs.

In the light of this we recommend the following:

- An increase to the friendly credit across all utilities;
- A raised flag when no gas/electricity is registered and a contact made with the customer
- A mechanism whereby low gas can be flagged;
- Like NIE Energy facility to buy gas via internet and telephone;
- Review of the usage to ensure vulnerable clients or those on the cusp of vulnerability can be protected;
- Training programme to ensure those with pathways into households such as health professionals, home helps, can have knowledge and information required to assist customers.

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.

Response

Domestic Energy Advice is defined as 'Specific to individuals and their circumstances, and aims to improve energy efficiency and achieve affordable warmth'. NEA NI recognises that, while energy advice providers require training that will enable them to deliver advice as outlined in the definition, there are also situations when organisations need training to help them raise awareness about for example, fuel poverty, basic energy saving tips, grant scheme information and payment options.

NEA NI has provided energy efficiency education, training, and awareness raising to a wide range of audiences. These audiences include energy advice centres, energy suppliers, the health sector, advice sector, installers, community and voluntary organisations. The NEA/City and Guilds Energy Awareness qualification is recognised in the Domestic Energy Efficiency Code of Practice as the qualification for energy advice providers.

As such we believe that NEA NI is well placed to take a lead role, both in terms of setting a strategic framework for, and the delivery of, energy efficiency advice and fuel poverty awareness provision.

NEA NI believes that there is scope for exploring measures that can be put in place that will enable organisations, whose primary purpose may not be delivering energy efficiency, e.g. the health sector, to pass on information and advice they have received through training and awareness to their target audiences. There are real potential benefits here as people from these organisations are coming into contact with vulnerable customers often in their home, customers who could benefit in receiving relevant information from people they already know and trust.

NEA NI also believes that to help with continuous improvement there is scope for research to be carried out that will help to monitor the effectiveness of the delivery of energy advice and awareness raising activities.

Question 9

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

Response

- We feel that some social partners are missing within the overall framework of the document and more should be done to engage same.
- There should be a monitoring and evaluation framework developed and a group of key stakeholders established to review the action plan. People experiencing fuel poverty and the vulnerable outlined should be engaged to feed into and be integral to this group.
- A timetable needs to be established with performance indicators - not just a list of what the Regulator will do but some meaningful benchmarking for future.
- Suppliers should also interface with groups – groups experiencing the issue know best and should be engaged as such – this is a key gap?
- Throughout the document we have referenced to codes of practice and we feel that where a supplier is not willing to lead with best practice more rigour needs to be applied. The Regulator needs where possible to 'crack the whip'. Suppliers should not be saying 'here's what we are doing' but should work with other organisations to do the best thing;
- Debt solutions – identifying risk – debt repayment reviewed and clearly promoted and communicated to customers. More needs re: promotional activity, use of energy, debt control, functions, energy efficiency advice with advice agencies and health professionals, benefit maximisation, discounted tariff on meter;
- Harmonising more work – standards should be best practice not minimal – look elsewhere – Research / Listen;
- In relation to the section on 'other ideas' we need to highlight the fact that 70% of households in Northern Ireland depend on oil for their home heating. It is therefore imperative that the oil sector are engaged within this process. We welcome the point raised in 7.17 relating to the voluntary agreement between DETI and the oil sector but believe this should be strengthened as in 7.19 via a license fee system.
- Douglas McIldoon's Paper 'Northern Ireland Electricity Consumers – Orphans in the Energy Storm' (2008) has made a number of suggestions which will ultimately affect all consumers. We believe this should also influence the work on social tariffs which we are aware that the Regulator has already begun; but other key issues need to be examined to ease the discomfort of soaring energy bills as per the paper.

Question 10

Respondents are asked to comment on this future work plan.

Response

We welcome the opportunity to comment on the future work plan and would like to highlight our wish to continue with our working relationship to assist where appropriate.

We welcome the work on social tariffs as it is a fact that in the current climate key vulnerable groups such as older people on guaranteed pension credit will remain in chronic and persistent fuel poverty without this change. Again a benefits expert should be brought on board to help identify the potential recipients of such a scheme.

We would also respectfully like to see the monitoring and evaluation framework being devised to benchmark progress and consider research to be fundamental with working forward.