



Title: Utility Regulator Draft Forward Work Programme 2017/2018.

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1. Introduction

- 1.1 The Consumer Council is a non-departmental public body (NDPB) established through the General Consumer Council (Northern Ireland) Order 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland (NI).
- 1.2 The Consumer Council has specific statutory duties in relation to energy, postal services, transport, and water and sewerage. These include considering consumer complaints and enquiries, carrying out research and educating and informing consumers.
- 1.3 The Consumer Council is pleased to be able to offer comment on the Utility Regulator's (UR) Draft Forward work programme 2017/18 (DFWP). We believe the DFWP demonstrates the UR's focus on domestic and business consumers.
- 1.4 The DFWP builds on the partnership the UR and the Consumer Council have built. It provides a strong platform to develop this further through possible joined-up project delivery.

2 The Utility Regulator Draft Forward work programme 2017/18

Objective 1 – promoting efficient and effective monopolies

- 2.1 The Consumer Council was part of the Consumer Engagement Advisory Panel for the NIE Networks RP6 Price Control. The UR needs to ensure that ongoing consumer engagement becomes an

integral part of the RP6 monitoring regime during the life of the Price Control, starting in 2017-2018.

- 2.2 Project 3 – The Consumer Council supported the mid-term review in the UR's PC15 Final Determination. We have had an initial meeting with UR staff and are content with the approach being proposed. We look forward to further engagement as the review process is finalised and develops.
- 2.3 Project 4 – The Consumer Council looks forward to engaging with the UR as approaches and methodologies are developed for PC21. The arrangements for consumer engagement for PC15 worked well. We want to build on these for PC21. Since the PC15 price control NI Water has improved its level of information and data about consumer satisfaction and the services being experienced by the consumer. We want to see this improved information built into the PC21 process.
- 2.4 Project 6 - to develop cost and performance reports across all network companies. The UR's reports for NI Water provide a valuable summary of costs and performance and a good tool to replicate across all network companies. The UK Regulators Network had in its Strategy and Work Programme 2016/17 a project to collaborate on the cost of capital by developing an annual comparison document and central depository. We ask the UR to consider whether synergies can be achieved and lessons learnt from this project.

- 2.5 The Consumer Council would like further clarity on the need for Project 7. We support the UR's emphasis on rigorous analysis of network investment decisions. However, it was our understanding that the CAPEX requirement for the Gas to the West project was assessed and determined under the initial bids and the GD17 price controls. We would therefore ask the UR to provide the Consumer Council with more information about this project.
- 2.6 The Consumer Council supports the delivery of the second overhead line North-South interconnector, as per Project 8. From a regulatory perspective, we note that this project, along with others included in SONI's ten year investment plan, falls outside RP6 as a D5 project. Consumers will ultimately pay for D5 projects and therefore it is essential that the D5 projects are scrutinised rigorously. It is also important that the costs of such investment plans is clearly communicated to consumers to ensure transparency and trust in the regulatory process.

Objective 2 – Promote efficient and competitive markets

- 2.7 The Consumer Council supports the UR's efforts to deliver the I-SEM project. However, we have previously expressed to the UR our opinion that further clarity is required on the anticipated outcomes for consumers for this project. We ask the UR to produce consumer focused information about I-SEM before the go live date. The Consumer Council is willing to work with the UR to achieve this.

2.8 The Consumer Council supports the UR's efforts to extend the contestability in the electricity connection process. However, we are concerned that the complaints frameworks may not be applicable at present to other connections service providers outside NIE Networks. We ask the UR to consider this issue as part of its contestability project and to implement any necessary remedies that ensure a strong and consistent consumer protection framework on connections for all electricity consumers.

2.9 We welcome the project on financial penalties as a necessary step to support and strengthen the current regulatory monitoring and enforcement framework. We would welcome the opportunity to contribute to this project. The Consumer Council is of the view that regulatory penalties must be proportionate and transparent.

Objective 3 – Protecting the long term interest of business and domestic consumers

2.10 The Consumer Council welcomes and supports the UR in its plans to continue the review of NIE Networks' connections policy. We responded to the recent call for evidence and stress our commitment to continue working with the UR and other stakeholders to achieve improvements for consumers in this area.

2.11 Project 3, "Protecting Non-Domestic Energy Consumers". This is also a priority for the Consumer Council. Particularly in the context

of the removal of the Power NI regulated tariff for 0-50MWh business customers from 1 April 2017. The Consumer Council reiterates its commitment to continue working with UR, the electricity retail industry and wider stakeholders to help develop measures that enable non-domestic consumers to benefit from competition. The protection of small business is included in the Consumer Council's own draft FWP. Both organisations should work together on this to ensure our projects dovetail and to avoid duplication.

2.12 We would welcome more information about the electricity domestic standing charge project. We are of the opinion that this project should only be undertaken if it is in the best interest of consumers. There are a number of issues around this project that could potentially result in detriment to consumers, particularly low consumption users, many of whom may be vulnerable. These include the following:

- Increase the overall bill of low consumption electricity users;
- Increasing tariff complexity; and
- Increasing electricity complaints.

2.13 The Consumer Council recognises the Consumer Protection Strategy (CPS) as one the UR flagship projects. We reiterate our commitment to continue to work in partnership with the UR to deliver the CPS year 2 outputs.

- 2.14 The Consumer Council recognises the UR work developing and implementing the monitoring framework known as REMM. We ask that the UR starts making REMM information available to consumers during 2017-2018.
- 2.15 We wish to point out our view that it is crucial that Northern Ireland maintains an operational fuel poverty programme. Uncertainty exists regarding a decision on Energywise and fuel poverty levels here are likely to remain unacceptably high. The Consumer Council would support the continuation of the NISEP scheme during 2017-2018 to ensure low income households continue receiving financial support to improve the energy efficiency of their homes, and for the 12 month extension to be used to plan for the introduction of a replacement scheme to ensure continuation of help for fuel poor households.

Annex 1 – Other projects

- 2.16 The Consumer Council acknowledges the point the UR made at its workshop on 27 January 2017 about likely resource constraints and how this may impact on its ability to deliver the projects outlined in Annex 1 of its DFWP. The Consumer Council would like to continue its partnership with the UR and help deliver some of these projects.
- 2.17 Our own draft FWP 2017-2018 includes projects around energy supply terms and conditions and energy brokering. These are in

line with the UR projects 12 and 14 in Annex 1. We ask the UR to consider developing and delivering these two projects in partnership with the Consumer Council. We would welcome the opportunity to discuss with the UR how this collaboration could work in practice.

2.18 We state our support to the delivery in 2017-2018 of the two following projects:

- Review of Approach to Electricity Storage – policy is needed in this area. NI needs to look to the future and prepare now, particularly given uncertainty around the second north south interconnector and the potential impact of Brexit; and
- Generating Unit Agreements – this would deliver cost benefits to consumers therefore we ask the UR to consider its inclusion in the final 2017-2018 FWP.

3 Conclusion

3.1. Overall, the Consumer Council welcomes the UR DFWP and the projects it sets out. We have highlighted and commented on the projects we believe are more beneficial from a consumer perspective.

3.2. We stress our commitment to continue working in partnership with the UR for the benefit of consumers. We would welcome the opportunity to explore further areas of collaboration during 2017 -

2018, in particular around the projects set out in Annex 1 of the consultation paper.



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