



***Consultation: NIAUR Draft Corporate Strategy 2014-19  
and Forward Work Programme 2014-15***

***Date: 21 February 2014***

***Contact: Mrs Kathy Graham***

***Our (PID) reference number: PD20012 1748***

**Elena Ardines  
Queens House  
14 Queens Street  
Belfast  
BT1 6ED**

**20 February 2014**

Dear Elena

**Re: Draft Corporate Strategy 2014-19 and Forward Work  
Programme 2014-15**

The Consumer Council welcomes the opportunity to respond to this consultation.

The Consumer Council is an independent consumer organisation, working to bring about change to benefit Northern Ireland (NI) consumers. Our aim is to make the consumer voice heard and make it count.

In taking forward our broad statutory remit we are informed by and representative of consumers in NI. We work to bring about change to benefit consumers by making their voice heard and making it count. To represent consumers in the best way we can, we listen to them and produce robust evidence to put their priorities at the heart of all we do.

### **Corporate Strategy: General Comments**

Whilst the following outlines specific comments on each section as outlined in the Draft Corporate Strategy, the Consumer Council would like to raise a general comment which straddles all aspects of the Strategy.

The Consumer Council welcomes the reference to the consumer being '*at the heart of all we do*'. We fully support this being the first principle and look forward to working very closely with the Utility Regulator to make sure this continues throughout the five year strategy and the supporting Forward Work Programmes. We accept that the consumer is inherent in all aspect of the Corporate Strategy and supporting Forward Work Programme, but would recommend reference to them is more explicit. We would encourage the Regulator to outline how it plans to work and engage with consumers, or the consumer organisations that represent them (including the Consumer Council who has a statutory responsibility to do so) specifically in sections 1 and 2 of the Draft Strategy. We believe that objectives 1 and 2, as listed in section 3, should include activities or key performance indicators (KPIs) that are based on consumers' needs as discovered by research that the Regulator plans to conduct.

### **Section 1. Introduction**

The Consumer Council values the working relationship it has developed with the Regulator's office which has ultimately benefitted consumers. Therefore, it is disappointing that the Consumer Council is not listed as one of the stakeholders the Regulator works with to help protect the

interests of consumers, even though we have a statutory responsibility to represent consumers in the regulated energy and water markets.

### **Section 2. Strategic Context**

We note the references in this section to the context and developments which influence the Regulator's priorities and a reiteration of its statutory duties to protect the interest of consumers. However, we note there is no mention of the consumer context as an area that has influenced these priorities. The Consumer Council's latest cost of living research, conducted in December 2013 has revealed:

- The number one concern for consumers in NI is home energy bills (47 per cent mentioned this as their main concern); and
- Older consumers (those aged 65+) are significantly more likely to say home energy bills are their number one concern compared to the rest of the population.

When considered alongside fuel poverty levels of 42 per cent in NI, we would suggest that this information be identified as part of the context and developments that have influenced the strategy.

A decision by the NI Executive to introduce direct domestic water charges will have considerable consumer impact and could possibly fall within the lifetime of the Regulator's draft corporate strategy. The Regulator will be required to adapt quickly to such a shift in context.

### **Section 3. Our Strategy**

We welcome the statement that both current and future consumers will be at the heart of everything the Regulator will do, however the three

objectives and associated KPIs that follow this statement do not appear to have been based on research to determine what consumers need. The Consumer Council would suggest that the Regulator's strategy would benefit from clarifying how consumers will benefit; how their interests will be protected; and how this will be measured and reported. We believe that the Consumer Council can contribute significantly to this process.

We also have a number of specific comments on the objectives and KPIs.

Objective1:

- Consideration to conducting consumer research to establish their priorities, indicators and measures could be included to highlight how these priorities will be delivered;
- The KPIs associated with this objective are not clear, eg KPI 1 does not state how they will demonstrate their excellence nor does it clarify who their 'peers' are that they will be benchmarked against; and
- We would be interested to learn how the figure of 250,000 network extension connections has been arrived at. Has this figure been arrived at in direct response to DETI's Strategic Energy Framework for NI which contains a target that will 'agree a strategy that will incentivise gas connections and increase gas uptake in existing and future license areas'<sup>1</sup>?

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<sup>1</sup> DETI Strategic Energy Framework September 2010, SEF 8

## Objective 2:

- As with Objective 1, we would recommend inclusion of how consumers' priorities will be measured and delivered. None of the KPIs against this objective mention consumers.

## Objective 3:

- We welcome all of the issues and deliverables stated in this section, in particular the consumer research outlined in the KPI section. We would also welcome the opportunity to work jointly with the Regulators office on this research;
- We would suggest that consumer research is required before the Domestic Customer Protection Strategy is finalised to ensure that consumers' views and needs shape the final proposals (see also our comments below on detailing the scope of this strategy). Again, we would welcome the opportunity to work on this issue with the Regulator's office; and
- The Regulator may wish to consider rewording this objective to encompass the wider consumer interests outlined in the comments against objectives 2 and 3 above. Consumer protection would then become just one activity and KPI within a wider consumer engagement section.

Finally, we would welcome some clarity on how progress will be reported against the Strategy in each of the supporting FWPs over the 5 year period. It would be beneficial to stakeholders and consumers if a direct correlation between the Corporate Strategy and FWP was outlined each year in the interest of transparency.

### **Forward Work Programme**

The Consumer Council welcomes the proposed projects contained in the Utility Regulator's Forward Work Programme for 2014-15 and we recognise the significant and vital impact that the work of the Regulator has for consumers. Over the last year, the Consumer Council has worked closely with the Regulator on a number of issues that have had a significant impact on consumers. These include the issue of compensation payments for severe weather power cuts; the NIE RP5 and the natural gas GD14 Price Controls; and most notably the scoping and implementation of consumer protection measures under the IME3 EU Directive.

We look forward to continuing to work with the Regulator and bringing the consumer voice to the Regulators work. Set out below are comments on proposed projects that we wish to highlight.

### **General Comments**

**Ref 25 - "Developing a Domestic Customer Protection Strategy"** – We would be keen to understand the scope of this Strategy and in particular if it will mean across electricity, gas and water.

On page 19, the Regulator notes that any increases in its budget will be kept below inflation. This is welcome as we all work to deliver value for money for consumers.

We look forward to seeing the new communication strategy and organisational structure, both promised for early 2014.

### **Comments on Energy issues**

**Ref 1 - Gas to the west-** Consumer Council research currently being conducted will provide information that will help both the Regulator and DETI. This is a key infrastructure development and the choice of the network and supply company and the design and implementation of the licence arrangements will not only influence the level of benefit to areas where natural gas is currently unavailable, but will impact on the cost in existing gas connected areas.

**Ref 6 - Review Power NI tariffs -** We seek clarification if this project constitutes work that is over and above the usual annual tariff review.

**Ref 7 and Ref 10 - Enhance cost reporting requirements, and Introduce a monitoring and reporting framework for NIE –** we welcome this and see it as an important element to give gas and electricity customers confidence that they are getting a safe and efficient gas network at the best possible price.

**Ref 14 - Develop a strategy for the next NIE T&D price control (RP6) -** We believe that it is vital that the strategy is not developed in isolation from stakeholders, in particular consumers. Consumer engagement needs to be at the heart of the process that delivers the price control. The Consumer Council would like to work closely with the Regulator to ensure that consumers are engaged in the price control from the outset of the process.



**Ref 17** - *Review the effectiveness of competition in the retail electricity markets* - this project is at the heart of the consumers experience in the energy markets. We welcome the review and would like to explore, with the Regulator, how to ensure that consumers are represented in it.

**Ref 18** - *Implement a robust Retail Energy Market Monitoring (REMM) framework* - At the outset of the project to develop and implement consumer protection measures, we identified monitoring as being key to its ability to deliver for consumers. We welcome this timely project and look forward to working with the Regulator on it.

**Ref 21** - *Research customer experiences in energy retail markets* - we welcome this project and note that it is likely to overlap with project Ref 17. We would, at the earliest opportunity, like to discuss with the Regulator, the aims and objectives of the project.

**Ref 25** - *Produce a new Domestic Customer Protection Strategy* - We would welcome the opportunity to discuss the aims and objectives of this project with the Regulator.

**Ref 29** - *Develop and consult upon billing guidance for energy suppliers* - We understand the importance of this issue as energy billing continues to generate the largest number of complaints for the Consumer Council. We would be happy to share our experience and data as a contribution to the project.

**Ref 30 and 31** - *To finalise and implement enhanced supplier codes of practice (CoPs)* - We have worked closely with the Regulator on this aspect of consumer protection issues and look forward to continuing to do so.

**Ref 32** - *Develop arrangements for smart metering* - The Consumer Council recognises the potential benefits that smart meters could bring to consumers. The implementation stage of the smart meter programme will be crucial to ensure that the benefits to consumers outweigh the costs. We look forward to contributing to the development of a smart meter programme.

### **Comments on Water Issues**

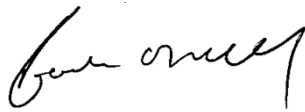
**Ref 2** – *Develop process for a mid-term review of the PC15 Price Control* - We support the six year water Price Control process and the mid-term review. As well as being an opportunity to implement innovative and sustainable solutions the Consumer Council sees the mid-term review as an ideal opportunity to assess performance against consumers' priorities.

**Ref 16** – *Develop new information requirements for Annual Information Returns (AIR)* - We support the Regulator in decreasing the burden and associated costs on NI Water through alignment of information requirements while ensuring that appropriate information is reported to effectively monitor, regulate and approve/scrutinise investment.

**Ref 35 and 36** –*Review NI Water Codes of Practice and Develop new customer measures and a Customer Satisfaction Survey of NI Water’s consumers* - We fully support both proposals and look forward to working with the Regulator as this work progresses.

The Consumer Council welcomes the clarity that the Corporate Strategy and Forward Work Programme provide in relation to the Regulator’s priorities. We look forward to engaging with you on all of the issues we have raised above as well as working jointly on work areas that directly impact on consumers.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Aodhan O'Donnell', written in a cursive style.

**AODHAN O'DONNELL**  
**Interim Chief Executive**



**The Consumer Council**

# ***Making the consumer voice heard and making it count***

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