

*OFREG*

*Social Action Plans for  
Electricity and Gas Customers:*

*Improving Social Obligations*

*A Proposals Document*

*February 2002*

***Social Action Plans for Electricity and Gas Customers  
Improving Social Obligations  
A Proposal Document***

**TABLE OF CONTENTS**

		<b><i>Page(s)</i></b>
1.	Introduction	1
2.	Background	1
<b>PART I</b>		
Social Action Plan for Electricity Customers		
Electricity		
Disadvantaged Electricity Customers		
3.	Target Areas	2
4.	Reducing Prices	2
5.	Protecting Customers	3
6.	Payment Options	3
7.	Special Services	5
8.	Treatment of Customers in Debt	6
9.	Prepayment Meters	6
10.	Tariff Structures	7
11.	Promotion of the Codes of Practice	7
12.	Energy Efficiency and the Energy Efficiency Levy	8 & 9
<b>PART II</b>		
Social Action Plan for Gas Customers		
Gas		
Disadvantaged Gas Customers		
1.	Introduction	11
2.	Reducing Prices	11
3.	Protecting Customers	12
4.	Disadvantaged Potential Gas Customers	13
<b>PART III</b>		
Rurality and Social Action Plans		
1.	Introduction and Proposals	15
<b>PART IV</b>		
1.	Timetable for Implementation of Social Action Plans	16

# *Social Action Plans for Electricity and Gas Customers*

## **1. Introduction**

- 1.1 This publication contains Social Action Plans which propose improvements in the provision of services to disadvantaged customers in both the electricity and gas industries in Northern Ireland. Disadvantaged customer is the term used to describe those electricity and gas customers who are disabled, or are on low incomes or who have to spend 10% or more of their income on keeping warm in their home. Those who have to spend 10% or more of their income on keeping warm in their home are sometimes referred to as the “fuel poor.”
- 1.2 Part I makes proposals in respect of electricity customers and Part II makes proposals in respect of the gas industry. Part III makes specific reference to Rurality and Social Action by the Director General.

## **2. Background**

- 2.1 In March 1998, in its Green Paper “A Fair Deal for Customers”, the Government asked the electricity and gas regulators, in consultation with consumer groups and with the electricity and gas industries, to prepare an industry-wide action plan to ensure efficiency, choice and fairness in the provision of gas and electricity to disadvantaged customers.
- 2.2 Ofreg Social Action Plans produced in 1998 for electricity and gas customers were an early response to the “Green Paper”.
- 2.3 In February 2001 the Director General (the “DG”) published a consultation paper reviewing these earlier plans. The paper was entitled - “Electricity and Gas Social Action Plans - Review 1998-2000 and Proposals for Next Steps” and invited comments on a number of specific questions with a view to using responses provided to inform proposals for future actions. On the basis of the comments received the Director General issued a draft proposal paper (Social Action Plans for Electricity and Gas Customers: Improving Social Obligations: a Draft Proposal Document) in September 2001 in which he discussed submissions received and invited further comment. In the light of this consultation the DG has produced final proposals which will form the basis of steps he believes needs to be taken, in conjunction with others, to improve services to disadvantaged customers.

## **PART 1**

### ***Social Action Plan for Electricity Customers***

#### ***Electricity***

##### **Disadvantaged Electricity Customers**

#### 3. *Target Areas*

3.1 The Social Action Plans for electricity and gas identified three main areas for action to assist disadvantaged customers. These were:

-reducing prices;

-protecting customers;

-energy efficiency and the environment.

3.2 The DG recognises that it is desirable in the interests of both gas and electricity customers that, where possible, the social obligations for electricity and gas suppliers should be harmonised through licence conditions and Codes of Practice.

#### 4. *Reducing Prices*

4.1 Ofreg has an important role to play with regard to electricity prices. The approach taken is to create pressure on prices through competition where this is possible, and through tough price regulation where it is not.

4.2 One contribution to tackling fuel poverty is through downward pressure on prices which affects the proportion of income spent on electricity. Ofreg is currently reviewing the price control on NIE's transmission and distribution business (T&D) and the new control will be set from April 2002. As part of this review process the DG has recently issued his consultation paper "Transmission and Distribution Price Control Review".

4.3 It is UK regulatory practice that the new price control transfers to customers the efficiency gains made by the company during the preceding price control period. Ofreg will continue to pursue the best interests of electricity customers and will seek the support of the Executive and the Assembly for the legislation necessary to develop a more competitive market for the benefit of all customers.

4.4 The DG has commissioned a report "Market Liberalisation in Northern Ireland and the Fuel Poor". He wants to understand how the situation in Northern Ireland is

developing and how liberalisation might impact (either negatively or positively) on the fuel poor, especially as further liberalisation might not develop competition in the way that is necessary through market failure to put pressure on prices to reduce. Once this report is completed and the recommendations available, the DG will consider steps needed to take to ensure that the fuel poor are not disadvantaged in any further market opening. It is likely that the DG will consult on this matter.

## 5. *Protecting Customers*

- 5.1 In his earlier papers the DG sought views on whether NIE's current customer obligations were sufficient.

### *Proposal*

- 5.2 In his draft proposals paper of September 2001 the DG signalled his intention to oblige NIE through a licence modification to contact all customers on its Critical Care Register when a supply outage occurs. Critical Care customers are those who depend on electrically powered medical equipment. Whilst a number of respondents supported this proposal NIE argues that it has taken a leading role in developing its relationship with Critical Care customers and this has already been tested through several severe weather events. NIE further argues that there is no evidence that these customers need the protection of a licence obligation to correct a failing on NIE's part to act responsibly towards them. In addition NIE states that it is keen to develop an overall joint approach with other support groups (medical agencies, social services etc) to ensure that the medical needs of Critical Care customers are properly managed during a supply outage.
- 5.3 Having considered NIE's submission the DG feels that a legal obligation on the company would be an unnecessary regulatory requirement. He is persuaded that NIE is committed to a policy of continuous improvement in services to its most vulnerable of customers. The DG will continue however to monitor closely NIE's service to Critical Care customers and will not hesitate to revisit the requirement for a licence modification should he feel this necessary any time in the future. Monitoring will include sample testing of NIE's service through contact with customers who have suffered from loss of supply.

## 6. *Payment Options*

- 6.1. The DG sought views on NIE's payment options and whether they could be enhanced or improved.

## *Proposal*

- 6.2 The consultation process indicated that the range of payment options and outlets to make payment is adequate and the DG does not therefore see any need for intervention at this time albeit some respondents felt that the Fuel Direct payment system should be offered as a payment mechanism.
- 6.3 NIE payment methods have been refined over a number of years with customers bearing no additional cost whichever scheme they avail of. The payment options are widely advertised by NIE on the back of customers' bills, through the Codes of Practice, Citizen Advice Bureaus (CABs) and the Association of Independent Advice Centres.
- 6.4 The Fuel Direct payment system is operated by the Social Security Agency (SSA) under the aegis of the Claims and Payments (Northern Ireland) legislation. Fuel Direct helps benefit claimants on Income Support and Income Based Jobseeker's Allowance threatened with disconnection for non-payment, by making payments directly from their benefits. In practice, the scheme provides protection for a small group of customers (less than 1% of NIE's domestic customer base) for whom prepayment or keypad metering is not a practical option.
- 6.5 A GB Working Group established by Ofgem, with the remit to examine the operation of Fuel Direct and to identify areas for improvements for customers and suppliers, has recently produced its report. Whilst it noted the declining numbers on Fuel Direct, it recommended a number of specific actions to make the scheme as effective as possible in identifying and supporting vulnerable customers most in need of help. These are to ensure that:
- \* suppliers properly draw the attention of appropriate customers to the option of Fuel Direct, in compliance with their licence obligations to accept deductions;
  - \* neither the supplier, nor the Benefits Agency (BA) (the NI equivalent is the SSA), object if Fuel Direct is the most suitable payment option for the customer, adopting a consistent basis for assessing suitability in accordance with the qualifying criteria;
  - \* customers who remain on appropriate benefits can remain on Fuel Direct after their debt has been cleared where this remains the most suitable option for them;
  - \* customers on Fuel Direct are given energy efficiency advice, including drawing to their attention the various domestic energy efficiency grant schemes.
- 6.6 Further, specific actions by the Working Group were:
- \* the development of guidance for use by suppliers and the SSA in assessing customers' suitability for Fuel Direct, together with a standard application form for use by suppliers.

\* welcoming potential future developments concerning Fuel Direct especially the banks and the Post Office's efforts, supported by Government, to widen access to financial services for customers without bank accounts;

\* welcoming the prospect of a new form of direct deduction scheme for persons on benefit. The scheme would work in a similar way to the Irish Household Budgeting Scheme and the Post Office has developed initial proposals for such a scheme.

6.7 The DG proposes to consider the impact of the changes brought about by the Working Group on the Fuel Direct scheme in GB which came into operation from 1 March 2001. Based on the outcome of this consideration he will explore with the Northern Ireland Social Security Agency (NISSA) and NIE how the initiatives introduced in GB on Fuel Direct to assist the disadvantaged can be implemented in Northern Ireland so that vulnerable customers here are not further disadvantaged. The DG will also explore with NIE and the SSA the possibility of offering the Fuel Direct payment system as a payment mechanism.

## 7. *Special Services*

7.1 Special Services is the term used to encompass the additional services which NIE offers for the elderly and for people with disabilities. Examples of special services are large print bills for those with sight difficulties: braille bills for the blind: medical support equipment for those dependent on electrically powered equipment. This list is not exhaustive.

7.2 Earlier consultation papers sought views on whether these services are adequate.

### ***Proposal***

7.3 Paragraphs 5.2 and 5.3 have already addressed the position of customers on NIE's Critical Care Register.

7.4 NIE is aware of its responsibilities under the Disability Discrimination Act and already takes steps to ensure that reasonable provision for the disabled is made. The company already provides extensive services for the elderly, the disabled and the disadvantaged in compliance with its Codes of Practice. However the Director General will work closely with the Northern Ireland Consumer Committee for Electricity (NICCE), and representatives of the elderly, the disabled and disadvantaged to ensure that any appropriate service not included in NIE's Codes of Practice will be considered for future adoption by NIE into the relevant Code of Practice.

7.5 NIE staff have been trained on disability awareness and the company is working with appropriate providers on the provision of refresher training. The Director General welcomes this and expects NIE to deliver refresher training on disability awareness at regular intervals so that the needs of disabled customers remains in clear focus for both NIE staff and their organisation as a whole.

8. *Treatment of Customers in Debt*

8.1 The consultation sought views on debt management by NIE.

***Proposal***

8.2 NIE has already indicated to the Director General that it has commenced a review of its debt management procedures with a view to biasing these towards debt prevention. The Director General welcomes this and will work with the company to ensure proposals are introduced which will endeavour to assist customers already in energy debt and those who are likely to fall into debt.

8.3 In GB Ofgem recently commissioned a research project which considered ***“Self-disconnection and Rationing”***. Professor Catherine Waddams of the Centre for Management under Regulation at Warwick University led this research for the Electricity Association Fuel Poverty Task Force. The DG considers the bulk of Professor Waddams findings read across to Northern Ireland and obviate the need for a separate investigation by a Northern Ireland Working Group.

8.4 The main findings of the report were:

-disconnection is a problem for a minority of households with prepayment meters;

-around 25% of prepayment meter customers had disconnected during the previous year, with 5% doing so frequently;

-most disconnections were unintentional and customers were off for short periods only;

-households with occupants receiving state pension or disability benefits disconnect the least;

-the predominant reason for self-disconnecting was forgetting to top the meter, followed by money problems and then problems with the meter;

-a small number (less than 10%) of households self-disconnect as a result of fuel poverty.

8.5 The DG proposes to consider the conclusions of Professor Waddams report with the the industry and the NICCE to determine what actions can be taken to minimise self-disconnections from supply.

9. *Prepayment Meters*

9.1 The draft proposals paper sought views on whether the DG should be pursuing improvements for customers on prepayment meters and the new Home Energy Direct



(keypad meters).

***Proposal***

- 9.2 The responses received contained no criticism of the prepayment metering system. This bears out past research in GB and anecdotal evidence in Northern Ireland that the vast majority of disadvantaged and low-income customers using prepayment meters preferred this method of payment and found it convenient. Research has established that almost 90% of prepayment meter customers would choose to use a prepayment meter, with very few (3%) saying they would choose to pay by direct debit, even though 75% of prepayment meter customers had bank or building society accounts. The main attraction of prepayment meters for those using them is financial control and avoidance of large bills.
- 9.3 The DG proposes to liaise closely with NIE to ensure that keypad meters are made more user friendly for disabled and partially sighted customers including the blind. The DG is aware that NIE has commissioned the design of a special keypad meter. The intention is to have a large keypad with bigger buttons, a larger clearer display and a volume adjustable speaker for warning messages. Once a prototype is available NIE will seek views from the Northern Ireland Consumer Committee for Electricity (NICCE), RNIB, RNID etc for their opinions. The DG will closely monitor developments.
- 9.4 NIE have indicated that they intend to re-examine the basis for the discounts currently available across the range of payment schemes with a view to passing on the benefits of cost effective payment schemes to customers. The Director General welcomes this re-examination by NIE and will want to ensure that benefits are spread evenly across all credit and advance payment customers.

10. *Tariff Structures*

- 10.1 Consultees were asked to give their views on the initiative of a two tier tariff system to assist the fuel poor.

***Proposal***

- 10.2 This suggested initiative was mainly unsupported by those who represent the fuel poor because they felt it would be unlikely to deliver significant benefit to the target group. In view of comment received the DG proposes to take no further action at this time. If for reasons of energy efficiency, reducing costs or environmental benefit Ofreg and NIE pursue this option at some time in the future it will be done in a way which takes the interests of vulnerable groups in society into account.

11. *Promotion of the Codes of Practice.*

- 11.1 Views were sought on promotion and content of the Codes of Practice as well as the public availability of the Code “Dealing with Tariff Customers in Default”.

***Proposal***

- 11.2 The Director General approved new Codes of Practice in 1998 which enhanced the provision of services to the disadvantaged. The Codes were approved after consultation with appropriate organisations and representatives of electricity customers. The DG proposes to establish a rolling programme reviewing the Codes of Practice, in conjunction with NIE and the NICCE, to ensure a continuing focus on the interests of the disadvantaged and to identify the most effective means of delivering the information they contain to customers.
- 11.3 The DG also proposes that NIE considers utilising the Post Office’s developing service “Your Guide “ currently being piloted in GB, as a means of promoting the Codes of Practice and other relevant information when this service becomes available in Northern Ireland. The service “Your Guide” is aimed at providing customers with improved access to a range of government, voluntary sector and appropriate commercial services via the convenience of their local Post Office branch.
- 11.4 The DG will continue to seek statistics from NIE which he will use to assess the value and importance of the range of services underpinning the Codes. For example, monitor the numbers on NIE’s Critical Care Register, the number of customers who seek energy efficiency advice, the uptake of password schemes, bills in alternative formats etc.

12. *Energy Efficiency and the Environment*

- 12.1 The consultation document sought views on specific areas. These were (i) energy efficiency and (ii) the energy efficiency levy which is currently set at £2 per customer.

***Proposal***

*Energy Efficiency*

- 12.2 The DG recognises that energy efficiency reduces energy bills for customers and protects the environment. It also creates employment. He has responsibilities under the Electricity (Northern Ireland) Order 1992 to promote the efficient use of electricity and has been active on this front in conjunction with NIE and the Energy Savings Trust in the development of an Energy Efficiency Programme.
- 12.3 In addition to the ongoing Energy Efficiency Programme, Ofreg introduced a ‘

Sustainable Energy Framework' in NIE's Supply Price Control for the period 2000-2005 which introduces a new target for NIE to save customers £10m through energy efficiency investments. The Price Control also contains an incentive to reduce average electricity consumption per standard household customer through energy efficiency initiatives.

- 12.4 Whilst energy efficiency brings benefits getting the message to customers has proved difficult and this is borne out by research. For example, research carried out by Dr Brenda Boardman of the Environmental Change Unit at Oxford University to establish how low-income customers preferred to access energy efficiency advice and the extent to which that advice is appropriate, found that the provision of energy efficiency advice has failed to make much impact and that much more needs to be done if advice is to make any significant impact on the alleviation of fuel poverty.
- 12.5 Whilst NIE provides energy advice, both directly to customers and in partnership with other specialist energy efficiency advice providers, the DG has concluded that a more co-ordinated and structured approach is necessary if Northern Ireland electricity customers are to harness the full benefits of energy efficiency. He considers the findings and recommendations of Dr Brenda Boardman a good starting point for Northern Ireland and proposes they should be considered by NIE in conjunction with Ofreg, the NICCE and other interested parties. The recommendations from Dr Boardman's report are:
- initial awareness raising by better trained frontline staff;
  - expert advice provision;
  - confirmation and reinforcement to ensure that advice is acted on and is effective;
  - distinguishing between "advice" and "information"
  - advice should be interactive and should improve energy efficiency, comfort and the ability of the householder to live in affordable warmth;
  - advice should be specific to individuals and their circumstances and needs to recognise the problems with literacy and numeracy skills.
  - the provision of energy advice to low-income households needs to rise significantly;
  - more needs to be done to raise awareness among vulnerable customers and follow-up after advice provision;
  - suppliers need to be proactive in raising energy awareness and identifying unusual usage patterns.
- 12.6 The DG does not at present consider a modification to NIE's licence is required.

*The Energy Efficiency Levy*

- 12.7 The Energy Efficiency Programme, referred to in paragraph 12.2, which was introduced in 1997 is currently supported by electricity customers through an annual levy averaging £2 per customer and collected by NIE through its Use of System charge. The programme supports energy efficiency projects and initiatives, which in the main, are targeted at the fuel poor. To date the programme has been very successful with 164,000 customers benefiting from lifetime energy savings of more than £26m. The equivalent levy in GB is £1.20 but will rise to £3.60 from April 2002.
- 12.8 The Director General has indicated a willingness to increase the energy efficiency levy and on the basis of support from the Northern Ireland Legislative Assembly has produced a consultation paper "The Energy Efficiency Levy -A Consultation Paper by the Director General". This consultation paper provides information on the levy and seeks views on the considerations which need to be taken into account in giving effect to the Assembly's wishes.
- 12.9 The DETI Assembly Committee has asked the DG to delay further action on the levy pending their overall energy report for Northern Ireland. The DG has agreed to this request and will delay his proposals on the levy pending the publication of the Committee's report.

## **PART II**

### ***Social Action Plan for Gas Customers***

#### **1. Introduction**

- 1.1 The introduction and background to Part II of this paper which deals with disadvantaged gas customers are provided in Part 1.
- 1.2 In considering what further steps might be taken to meet the needs of disadvantaged gas customers the DG has concluded that it will be important for gas customers to be treated in the same way when they purchase gas as they would when they purchase electricity. As the supply companies in the electricity and gas industries move towards best practice in dealings with all their customers it is right to expect a convergence of standards to take place. That said it is recognised that the gas industry is at an early stage in its development and faces a range of technical issues. Excessively onerous provisions may mitigate against the industry reaching its full potential and prevent customers from realising the full benefits of natural gas.
- 1.3 In addition, whereas NIE is a public electricity supplier Phoenix Natural Gas is not a public gas supplier and therefore cannot be held to the same level of social accountability.

## **GAS**

### **Disadvantaged Gas Customers**

#### **2. *Reducing Prices***

- 2.1 Phoenix Natural Gas (PNG) owns an expanding gas transmission and distribution network. As the gas supply network industry in Northern Ireland depends on the transmission and distribution network for the conveyance of gas, Phoenix is potentially in a position of considerable market power, not only over the conveyance of gas, but also over the terms of its sale to end-users, including its price. However through regulation of the gas conveyance charge the DG ensures that the charges levied for the conveyance of gas through its network are fair, equitable and transparent.
- 2.2 The price that PNG charges to end-users for gas (the “supply price”) is not currently

regulated by the DG, although this may change. However PNG have developed a Price Stability Promise, welcomed by the DG, which promises that PNG will not increase the supply price of gas to end users by more than the rate of inflation each year up to September 2003.

### 3. *Protecting Customers*

#### 3.1 The Social Action Plan sought views on the suggested introduction of a range of Codes of Practice for Phoenix Natural Gas on matters such as:

- \* customers having difficulty paying their gas bills;
- \* dealing with pre-payment meters;
- \* a customer service code of practice to include such matters as complaint handling and customer service training for all staff;
- \* the efficient use of gas;
- \* caring for the elderly, disabled and chronically ill;
- \* paying for your gas; and
- \* security deposits

#### ***Proposals***

#### 3.2 There is overwhelming support, including support from PNG, in the responses received for the development and publication of Codes of Practice similar to those that the electricity utility is required to make available and monitor. The Director General, subject to further consultation with PNG, the General Consumer Council for Northern Ireland (GCCNI) and other interested parties, proposes to require PNG to publish the following six Codes of Practice, the content of which will also be subject to consultation with the appropriate bodies relevant to the specific Codes. The Codes to be published are:

- Using Gas Efficiently in your Home;
- Using Gas Efficiently in your Business;
- Services for the Elderly and Disabled;
- Paying for your Gas;
- Using pay-as-you-Go meters;
- Making a Complaint.

- 3.3 Furthermore the DG proposes to ask PNG to develop plans for publicising the issue of these codes and monitoring their impact, once they are published. These plans should include consideration of the Post Office's "Your Guide" -see comments at paragraph 11.3 in the electricity Social Plan proposals.

*Payment Options*

- 3.4 PNG offers a range of payment options to its customers including direct debit, direct payment by cheque or their ' Energy Saver Scheme' utilising the Paypoint outlets. PNG does not currently use the Post Office because it feels its charges are uncompetitive.
- 3.5 PNG is seeking to enhance its payment options and is currently meeting this through the introduction of automated prepayment and pay-as-you-go metering solutions. In addition, PNG will install Quantum (a new type meter) technology in its newest form for customers with payment difficulties. PNG will also install Quantum technology where the customer fails a credit vet and as an alternative to a security deposit. PNG is planning to work with manufacturers, cash collection agents and other parties to deliver a cost-effective longer term ' pay-as-you-go' solution.
- 3.6 The DG is conscious that payment methods are essentially a matter for the gas industry and that he cannot attempt to impose solutions. However the DG will work closely with the industry and GCCNI to ensure that all payment options are explored and that the most cost effective and customer friendly methods are adopted and that the interests of the disadvantaged are at the forefront of considerations.
- 3.7 Furthermore the DG proposes to ask PNG to consider if its range of bill formats is sufficient for the needs of disabled customers, and to consider disability awareness training for all staff. In addition the DG will also recommend that PNG takes into account in its metering strategy the requirements of the disabled, the partially sighted and the blind.
- 3.8 The DG's proposals on Fuel Direct as outlined in paragraph 6.7 in the Electricity section of his Social Action Plan apply also to gas.

4. *Disadvantaged Potential Gas Customers*

- 4.1 The February 2001 consultation paper recognised that many Northern Ireland potential gas customers will be disadvantaged because natural piped gas will not reach their areas and indeed many gas customers currently in the gas area will not enjoy the benefits of competition as domestic competition will not become a reality until 2005.
- 4.2 The consultation paper invited comment on early market opening of the gas market and the benefits of bringing gas to district towns currently without natural gas.

## *Proposals*

- 4.3 Northern Ireland does not yet have a substantial gas industry. The existing licence only covers the Greater Belfast area and Larne. PNG have exclusive rights to the domestic market until 2005 when this market will open up to competitive forces. The development of the gas market was predicated on the basis of exclusive rights being granted to PNG and this was the basis for their substantial capital investment. The DG does not propose to challenge this exclusive position but he will ensure that the market is opened to competition in 2005 and he will monitor the position over the coming years and if required will use his regulatory powers or his powers under the Competition Act 1998 to ensure that barriers to entry are not created, or indeed that any other anti-competitive behaviour develops. Should Phoenix Natural Gas wish to open the market to competition before 2005 the DG will facilitate such accelerated market opening.
- 4.4 The DG is very aware of the benefits that an expansion of the gas market in Northern Ireland will bring. He is currently supporting PNG in the development of their distribution network in accordance with an agreed timetable and development plan. Indeed PNG have accelerated their development programme and they now envisage passing some 250,000 properties by the end of 2003, some five years ahead of the initial commitment contained in the original development plan.
- 4.5 The DG is also working closely with other parties both inside and outside Northern Ireland to ensure that the two main problems in the way of gas market expansion are overcome, namely funding and postalisation (ie cost equalisation to the town gate) which will facilitate gas distribution to the North West and a pipeline to the South linking with the ROI gas infrastructure and creating gas distribution opportunities in towns in County Armagh and Down.
- 4.6 The Director General for Gas has a duty to promote the efficient use of gas in Northern Ireland. To this end the DG approved an allowance of £120,000 pa in PNG's regulatory cost base for energy efficiency market incentives. The overall objective is to ensure that the developing gas industry in Northern Ireland results in the efficient use of gas by customers. The main focus is on the installation of efficient gas products and appliances such as gas condensing boilers, leading to energy savings and reduced harmful emissions. This incentive programme ceased at the end of the price control in 2001. The DG proposes to review the benefits of the schemes supported with a view to extending into the next price control period. Ofreg is currently in negotiations with PNG on a new price control, an element of which will be the possibility of increasing the current market incentive with the continuing emphasis on energy efficiency.
- 4.7 The DG is also following with interest the potential of domestic Combined Heat and Power. Should this technology be proven and cost effective he proposes to pursue action that will ensure its potential contribution to energy efficiency and to the alleviation of fuel poverty is thoroughly explored.



## **PART III**

### ***Social Action Plans***

#### **Rurality and Social Action Plans**

##### **1. *Introduction***

- 1.1 Many people living in small rural settlements or isolated dwellings are unlikely ever to be connected to the natural gas network. Typically rural incomes are lower than urban incomes and many costs are higher. Poorer rural households in particular may face higher transport costs. Fuel poverty where it occurs in rural areas is a more intractable problem than urban fuel poverty because of the absence of the most cost effective solution ie efficient natural gas central heating associated with insulation measures.
- 1.2 Clearly there is a need for a rural fuel poverty and energy efficiency strategy which could exploit the potential of rural resources to tackle this problem. Some comment has been made on the potential benefit of small wind turbines, solar thermal and photo voltaic systems. The contribution of biomass and energy from waste for electricity generation and heating also need to be taken into account.

##### ***Proposal***

- 1.3 The DG's remit does not extend beyond electricity and natural gas. He has no authority to deal with alternative fuels such as oil or wood though both may have a role in tackling rural fuel poverty. However measures which reduce electricity costs significantly by replacing Economy 7 electric heating by an alternative such as a cost effective wood burning stove might, in principle, be eligible for support from the Energy Efficiency Levy.
- 1.4 The DG published a consultation paper in August arising from the work of the Trading in Renewables Implementation Group (TRIG) which put forward for consultation a number of ideas which would assist domestic scale auto producers in technologies such as photo voltaics and small wind turbines. Should these ideas prove generally acceptable the DG proposes support for pilot projects by influencing the targeting energy efficiency levy money - initially to test the contribution these technologies might make to tackling rural poverty. Ofreg would also be prepared to participate with other public sector and voluntary bodies in working groups to develop a more

comprehensive strategy for dealing with rural fuel poverty.

## **PART IV**

### **Timetable for Implementation of Social Action Plans**

- 1.1 The DG proposes to pursue implementation of his proposals over the next twelve months and will produce a report on progress in 2003.