



Action for Warm Homes
Northern Ireland

**National Energy Action NI Response to the
Utility Regulator:**

**Consumer Protection Strategy Review and
Proposed New Consumer Protection
Programme commencing April 2019**

December 2018

About NEA

NEA is the national charity working to secure affordable warmth for disadvantaged energy consumers. NEA's strategic aims include influencing and increasing strategic action against fuel poverty; developing and progressing solutions to improve access to energy efficiency products, advice and fuel poverty related services in UK households and enhancing knowledge and understanding of energy efficiency and fuel poverty.

NEA seeks to meet these aims through a wide range of activities including policy analysis and development to inform our campaigning work, rational and constructive dialogue with decision-makers including regulatory and consumer protection bodies, relevant Government Departments, the energy industry, local and national government and develops practical initiatives to test and demonstrate the type of energy efficiency programmes required to deliver affordable warmth.

Background

- Based on the most recent 2016 House Condition Survey, Northern Ireland has a rate of fuel poverty at 22%. We would, however, add that the fieldwork for the survey was carried out in early 2016 when the price of domestic home heating oil was at an all-time low. Today the price of oil has more than doubled. Despite this our domestic home heating oil reliance remained at the 2011 level of 68%;
- The cold kills, and between August 2015 — July 2016 there were 640 excess winter deaths in Northern Ireland. A third of these are attributable to living in cold damp homes;
- Specifically, in relation to Brexit, the falling pound and the recent increase in the wholesale cost of energy impacts all fuels, but immediately impacts on oil prices, which can be catastrophic and will put severe hardship on individuals and families.
- Several variables have created a real-time lower income for many and the most recent statistics from the Department for Communities¹ show that for many families, poverty is on the rise. Stagnant wages, the weakened pound and the introduction of universal credit will continually keep low paid workers and benefit recipients below the poverty line. The mitigations package afforded to Northern Ireland benefit recipients will end in 2020. With these issues in mind affordability is a high priority for NEA.

¹ <https://www.communities-ni.gov.uk/publications/northern-ireland-poverty-bulletin-2016-17>

- Since the initial Consumer Protection Strategy in June 2015, much has changed within the landscape in Northern Ireland. The Northern Ireland Assembly is currently in a period of suspension with limited policy making taking place given the lack Ministerial responsibility. The UK electorate voted to leave the European Union leaving the future of Northern Ireland in a situation of uncertainty and precarity.

In this current economic climate, it is crucial that we acknowledge all the impacts outlined above coming down the line. As always, NEA recommends that energy efficiency is the one of the most sustainable ways to alleviate fuel poverty, and the Consumer Protection Programme will be a vital tool in aiding the industry in bringing about appropriate and adequate protection for the consumer.

Response

We welcome the opportunity to respond to the Consumer Protection Strategy (CPS) Review and Proposed New Consumer Protection Programme (CPP).

The overall process of bringing about this new CPP has been particularly robust in relation to the process. We are very pleased that engagement has been front and centre from the Utility Regulator (UR) with input from industry and consumer interest groups throughout the process and at the summit earlier this year. We appreciate that consumer protection is now core to the UR's corporate strategy and agree that the four objectives are still relevant. We also share the objective of improving the consumer journey and achieving policy clarity which leads towards a better experience for all consumers.

We commend the UR for the current projects already carried out to date but have concerns with some specific projects which have been dropped from the CPS original document, which we respectfully outline below. We also believe that some of the projects cited are not specific projects but should be considered the core business of the UR. We also would be keen to see SMART targets placed around the projects to give some traction on progress.

Below we have specifically addressed each of the cited projects with some comments and questions and we look forward to working with you, where possible, on the mutual aim of protecting consumers where possible in the coming years.

Priority Projects for CPP Years 1 and 2

Affordability

Consumers experiencing unforeseen change in circumstance which heightens their vulnerability

(a) improved early identification of customers at risk of crisis and

(b) ensure that customers made vulnerable through unforeseen circumstances (e.g. bereavement or health issue) are protected.

We are pleased that this is a priority project and anticipate that further detail on what the project entails for the actual consumer will follow from the consultation and scoping process.

However, we would like to see a more varied vulnerable consumer register like that in GB with increased services. Will this be the case and will this require the use of internal data for targeting potentially vulnerable consumers? If so, we expect the current vulnerable consumer supplier code of practice will need to be changed.

Many aspects of the Priority Service Register (PRS) were raised in the critical care consultation process, therefore will there be further obligations on suppliers to identify and match vulnerable consumers with appropriate services? If so, this reinforces the need to ensure the supplier review, which was originally planned for year two in the old CPS (which should be now complete) is moved back to year one of this new CPP. To drop it to year three is a regressive move.

We support data matching as the preferred approach to identify vulnerable consumers but highlight that a large proportion of households (in particular, Pre-Payment Meter (PPM) consumers) may prove more difficult to locate and engage. We recommend cross matching existing vulnerable consumers registers with, for example consumer debt data. We believe OFGEM have cited that PPM smart meters in GB have such facilities². However, this also highlights the need for Network Operators to establish a connection with all their consumers and as outlined below, we welcome the renewed work planned with the Network Operators.

² https://www.ofgem.gov.uk/system/files/docs/2018/11/self-disconnection_and_self-rationing_a_call_for_evidence_final.pdf

It will also be necessary for the Network Operators and Suppliers to establish their role and responsibility with each other and with the consumer and to also consider good practice schemes and initiatives, such as a dedicated telephone number for vulnerable consumers – this in itself, whilst simplistic, provides a vital link for many in need of help and assistance, particularly for those non-internet users and rural consumers with poor connectivity. Other initiatives such as the Power NI home visit scheme providing a direct referral to trained advisers.

Identifying vulnerability across the board will be no easy task, and we recommend that each front facing staff member be provided with the appropriate training in all aspects of vulnerability. We also recommend that consumers living in actual fuel poverty should automatically be counted as a vulnerable group.

Priority should also be given to raising awareness of vulnerable consumer registers and driving up third party outreach and referrals.

Energy Efficiency Services Provision review and work with partners on energy saving schemes and provision. Partners include the Department for the Economy (DfE) and the Department for Communities (DfC).

We are aware of the UR's current position on extending the Northern Ireland Sustainable Energy Programme (NISEP) and the recent review process of the NISEP. We are, however, puzzled as to why this review of the NISEP has been moved as a standalone project within the 2018-19 Forward Work Programme (Objective 2 KPI 1) into the wider Consumer Protection Programme (CPP) as we view this as a core aspect of the UR's business as usual.

NEA's Energy Justice Campaign (EJC) has worked relentlessly to highlight the importance that the NISEP, a consumer levy programme, which has played a key role in tackling fuel poverty in Northern Ireland. We are unequivocal in our call to keep the NISEP in place until such times as an alternative scheme is developed which holds to the principle of energy justice, ensuring that the lowest income households who pay proportionately more into the NISEP, are assisted first with energy efficiency interventions. Not only will energy efficiency interventions put downward pressure on bills, but there will also be wider economic and societal benefits. We therefore believe that this programme has far reaching benefits to all in Northern Ireland and deserves to be treated as such and placing it within the CPP work programme may undermine the size, scale of the importance that this

programme plays in alleviating fuel poverty and helping bring about efficiency in the use of energy, socially and environmentally sustainable long-term supplies; and at the best value to consumers whilst having due regard to vulnerable consumers.

Examine Back-billing arrangements in Northern Ireland and ensure they operate fairly.

It is difficult to comment on the current size and scale of the problem with back-billing in Northern Ireland without statistics, however, the practice should be operated robustly in line with GB and monitored through the Retail Energy Market Monitoring (REMM) process.

Equal Access

Review and develop consumer engagement by Network Companies.

We fully support consumer engagement with Network Companies and recommended a similar model to that of GB, where Networks are mandated to demonstrate how they provide consumer engagement.

There is some good practice already in existence in Northern Ireland, for example firmus energy has committed to train all staff to the NEA / City & Guilds Level 3 Award in Energy Awareness.

This course has been developed and delivered by NEA for over 27 years and has reached more than 26,000 people. It is designed for people who wish to gain or further their knowledge of domestic energy efficiency and in particular, is aimed at those who are in a position to provide energy advice. Course participants come from a range of organisations including energy companies, local councils, voluntary organisations, and housing associations. The course runs for three days plus a one-day examination.

Course outline

NEA's energy awareness course will enable participants to advise clients on a range of issues including:

- The efficiency and appropriate use of heating and hot water systems and the functions of the controls;
- Interpret domestic fuel cost data using reference materials;

- Advise clients on how to record gas and electricity consumption and work out costs;
- Inform clients of ways of paying for gas and electricity;
- Identify the potential to improve energy efficiency in a range of dwellings; and
- Advise clients on how to avoid condensation and how to take remedial action where condensation dampness exists.

Additionally, the high number of prepayment meters (PPM) in electricity and gas has meant that the network companies need to form a relationship with their consumers. Many consumers in Northern Ireland do not understand the difference between suppliers and network operators and consumers should be empowered with this knowledge. If this knowledge is improved, then so too could the knowledge and awareness of the myriad of codes of practice which are in existence and again are used sparingly. This knowledge and awareness could be ascertained via the Consumer Insight Tracker (CIT).

Other issues which need to be examined with the Network Companies are around the growth of consumers using a PPM. In particular, we would like to see improvements in relation to self-disconnection and self-rationing. We do, however, need to measure the issues flowing from the use of PPM's both the positive and the negative. This should be done via REMM and the CIT. We also need clear positions on the following

- Accessibility of the meter, where it is situated?
- Interaction with the meter... how does a consumer know when they are running low on gas and how are they notified. Could a text message be sent for added security of supply?
- How does a consumer go about having a meter moved or reverted back to a credit meter and is there a charge for this?
- What are the benefits of being on a critical care register and are the network operators and suppliers promoting this?
- What is the interface between suppliers and network operators and is it clear to consumers?

We recommend that these questions are part of this project or indeed inserted as a standalone project.

We also reiterate what we cited in our previous response, that there is scope to work closer with networks and replicate the good practice in GB.

[Review Quick Check 101.](#)

This scheme is particularly useful to vulnerable clients and is likely to provide peace of mind to numerous consumers. We would not anticipate that any review would be onerous or require significant resources.

Empowerment through education and transparency

Deliver Retail Energy Market Monitoring (REMM): Consumer Insight Market Analysis to include both internal and external publication aspects.

The REMM has been a really useful resource and we are keen to see even more monitoring which we believe will drive forward better protections for consumers. The CIT will also be invaluable to help us understand how consumers interact with their energy companies. It will no doubt also present us with insightful information which should direct future projects or highlight the need for companies to improve aspects of their business and the need to collect additional information from the energy companies.

Deliver new published content to help educate/empower consumers and stakeholders about energy market and consumer outcomes.

NEA heavily utilise the publications and data already published by the UR, however, we agree that the audience could be broadened to a wide range of interest groups and indeed consumers. We would recommend a mapping exercise of useful organisations who can assist in establishing pathways to homes to get this information and advice dissemination, accessible and useable. REMM should enable the monitoring on how companies communicate with consumers.

Leadership and Engagement

Consumer Insights Tracker (CIT): a new baseline of domestic consumer outcomes, attitudes and engagement in relation to energy markets.

We believe this substantial research exercise will illuminate much needed findings based on energy use across Northern Ireland. We are particularly interested in the forthcoming results on energy efficiency and debt. Given the economic examples we have already touched upon in our

introduction affecting household incomes in the future; we anticipate that the findings will raise various issues. How will the UR act upon these in the future especially if the evidence unearths hardships experienced by low income households? How will these affect future work programmes?

Investigating and delivering Best Practice approaches by regulated companies to vulnerable consumer protection such as (a) staff training (b) practical measures and (c) signposting and engaging in multi-agency approaches.

We fully support this project and look forward to assisting the UR with implementation. As stated, we have trained the firmus energy's full workforce in NEA / City & Guilds Energy Awareness and recommend that other companies are directed to undertake such training and consider the benefits that this accrues for both their people and consumers. We also recommend that third party referral mechanisms are incorporated.

UR stakeholder and consumer engagement.

As the consultation document states, this comprises of building on the existing engagement group. We agree that a more formalised structure will be beneficial and agree that this will better inform decision making.

UR to work with UK Regulators Network (UKRN) and Competition and Markets Authority (CMA) on consumer protection projects and best practice.

Whilst this project is important work, again we feel that this should fit into the core business within the Retail & Consumer Protection functional areas as opposed to a stand-alone project.

Projects to be delivered in year 3

- We strongly recommend that the supplier care registers review should be prioritised to year one.
- We believe that the quick check could be carried out sooner by extending the template from the networks incorporating this review prioritised in year one.

- The Guaranteed Standards of Service (GSS) has again been demoted to year three; we believe that this is an important project and should be currently prioritised. This work will drive performance of network operators.

Q1: Do respondents share the view of the UR that the equality impacts of the proposed CPP are positive and therefore do not require a full screen? If yes, please provide details of any evidence you feel UR should consider.

Yes.

Q2: Do respondents agree with the proposal to expand the existing CPS Leadership objective to become Leadership and Engagement for the reasons set out in this paper?

Yes.

Q3: Are the projects included in tables 9, 10 and 11 the full list of projects that respondents want to see included in CPP? Do you agree with the proposed prioritisation of the projects listed?

As outlined above, we believe that certain projects are part the UR's core business as usual but welcome the stand-alone projects and have suggested some additional projects. We have also outlined that in particular the consumer care review for suppliers should be carried out as soon as possible.

Q4: Are respondents content with the projects contained in table 11 which are not currently prioritised within the 3-year timeframe of the CPP? And are respondents content that the need for and priority of these projects will be re-examined following year 3 of the CPP?

We are concerned that the Debt Communication Review (DCR) and Critical Care for suppliers' reviews have been not included. This is a critical time to review debt communication as we are likely to be facing a perfect storm should there be a negative Brexit impact; with slowed growth, inevitable energy rises and the end of the welfare reform mitigations payments. We are anticipating consumer debt to increase in the next few years. We urge the UR to prepare in advance for such a scenario.

Secondly, we continually cite the levels of fuel poverty in the private rented sector so are also disappointed there will be no tenants' rights project, given this ever-growing sector has increased social policies for low income tenants and would call on the UR to remedy this.

We are particularly disappointed there will be no review of Energy Efficiency Code of Practice (CoP) requirements. At present we know very little of the energy efficiency advice being provided in practice, we have cited firmus energy and Power NI as good practice models but are concerned there may be vulnerable households slipping through the net and not being referred to third parties by companies. We acknowledge all suppliers have a CoP on their website but how many consumers know to access this, and do they even know it exists? Accessibility is key.

As outlined above accessibility for PPMs and Hardship payments are not included; however, we envisage that these policies are likely to be more visibly apparent from the CIT findings. We would again call for the UR to commit to revisiting the issues from the CIT evidence.

Q5. Further to the previous consultation questions, do respondents have any general comments on the overall proposed CPP? Please provide evidence to support your answer.

We are happy to engage with the UR throughout the forthcoming process.

We would also like to raise the area of future-proofing consumer protection. NIE Networks has already consulted on the changing energy network through prosumers and decarbonisation. Much of this involves smart tariff use and sculpting new tariffs; the CPP does not appear to contain any projects addressing this and how this will play out for disengaged consumers, as a result we are concerned that there could be a large-scale consumer base penalised for not being smart consumers. This will undoubtedly disadvantage lower income consumers.

We would also like to explore further, the needs to pre-payment consumers around their existing facilities, we envisage evidence will be further explored on foot of the CIT, however, we would like to pre-empt this by raising the question as outlined above and the suitability of PPMs for vulnerable consumers and should more facility be made under accessibility? Should there be more friendly credit for vulnerable consumers and for recurrent self-disconnections

should alternatives be sought such as installing standard meters? Consumer choice is paramount, but we suspect many use PPMs as a last resort. When you have nothing to budget, you have no electricity! We would question whether current forbearance is fair for this cohort.

And finally, we would also request that the UR consider the user friendliness of their website and suggest some market research on its accessibility for vulnerable consumers and advice agencies.

We look forward to our continued close working and bringing about the successful outcomes from this proposed work.

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