

UR Consumer Protection Review

December 2018

This paper provides the Phoenix Natural Gas Ltd. (PNGL) response to the Utility Regulator (UR) consultation on the “Consumer Protection Strategy Review and Proposed New Consumer Protection Programme commencing April 2019”.

PNGL notes the context of the review and the realisation in GB that market outcomes have at times failed certain groups. PNGL supports the view that fairness of market outcomes for all consumers, including those in vulnerable circumstances, has become a fourth element to be considered in regulatory policy alongside price, security of supply and sustainability. However, PNGL believes that this should go further with consumer protection initiatives only adopted if the principle of fair and equitable treatment of all consumers is considered in delivering consumer protection measures. The inclusion of equality not only delivers proper consumer outcomes but ensures the market processes, policies and procedures which support the gas industry in Northern Ireland continue to be developed in an orderly, coordinated and efficient manner.

PNGL notes UR’s decision to introduce an identifiable Consumer Protection Programme (CPP) central to its Corporate Strategy rather than a standalone Consumer Protection Strategy (CPS). PNGL welcomes UR’s associated development of a timeline for delivery of the priority projects over the remaining three years of its existing CPS and provides comment on UR’s proposed prioritisation of the projects later in this response. UR’s proposed rolling review of projects thereafter will also ensure that future workstreams align with the strategic objectives of the energy landscape at that time.

PNGL agrees that the four strategic objectives of the existing CPS, namely Affordability, Equal Access, Empowerment and Leadership are still relevant. PNGL also agrees that engaging and understanding consumers’ needs, priorities and experience are important and therefore welcomes UR’s proposal to amend the existing Leadership objective so that it becomes Leadership and Engagement.

PNGL’s specific comments on UR’s proposed projects are detailed under the appropriate strategic objective below:

Affordability

UR is cognisant of regulated companies’ remit in relation to vulnerable consumer protection and, through recent workstreams, the limitations of sharing and receiving personal information; any requirement for the collection and / or sharing of data must consider data protection legislation and the rights of consumers to have any data they provide used only for the purpose for which it was collected.

PNGL accepts that the current industry concept of vulnerability, although useful in aiding a utility’s ability to offer support, does not fully reflect the transient nature of vulnerability. As noted by UR, identification of consumers in vulnerable circumstances can be complex, is often multi-dimensional and can be fluid. However the current approach whereby a consumer opts in to avail of support services (e.g. those available to

consumers included on a supplier care register) or self-declares vulnerability to allow appropriate consideration for additional support that may be available (e.g. debt management processes), must continue.

It is essential that any change to current consumer protection measures does not require utilities, particularly frontline operatives engaging with consumers at or in their own homes, to make a judgement call on a consumer's vulnerability. We therefore welcome UR's proposals to investigate practical approaches such as staff training and signposting consumers, and to establish a forum where consumer representative bodies, industry and UR can interact with each other directly. As part of this project PNGL would welcome the opportunity to engage with:

- consumer representative bodies to understand what role utilities could play in supplementing existing consumer protection measures e.g. identifying agencies (such as the Public Health Agency and charities) who come face-to-face with consumers in vulnerable circumstances and are in a position to signpost such consumers to appropriate utility provisions (e.g. a supplier care register, debt management processes) or to provide practical measures which utilities could implement e.g. when interacting with a consumer experiencing a mental health problem;
- consumer representative bodies, industry and UR to share proven consumer protection measures in Northern Ireland;
- GB network operators to understand what consumer protection measures are proven on their networks; and
- other regulated industries (e.g. the financial sector) to understand what consumer protection measures are proven in their sector and how these have been implemented i.e. under voluntary agreement or a regulatory requirement.

This will ensure that consumer protection issues, particularly those for consumers in vulnerable circumstances, may be discussed and an appropriate solution developed for Northern Ireland for integration into the operations and activities of industry. Although PNGL is supportive of recognising best practice in other industries and jurisdictions, any decision to replicate such approaches has to consider if they are proportionate in the context of the size and scale of the developing Northern Ireland natural gas market. The differing industry structures also has to be a primary consideration when identifying and transposing best practice in other jurisdictions or within Northern Ireland into the Northern Ireland natural gas market e.g. a network operator's ability to interface with the gas consumer, asset ownership, meter reading obligations etc. A one-size-fits-all approach will not work.

We note however that two affordability workstreams integral to the development of appropriate vulnerability provisions, namely the supplier care register review and the supplier debt communication review, are not to be addressed in the first stages of the CPP. It is therefore difficult to see how enhanced protection for consumers, particularly vulnerable consumers, can be achieved in the absence of a review of the services and levels of protection currently available.

Equal Access

PNGL is mindful of the needs of consumers, in particular accessibility issues. While PNGL supports the projects to be delivered under the objective of Equal Access, PNGL would suggest an additional project is included in Table 9 focusing on the continued development of the natural gas network across Northern Ireland. An example of such a project would be to ensure that standard infill projects within PNGL's Licensed Area are undertaken at no upfront cost to the consumer; under UR's GD17 Final Determination consumers in PNGL's Licensed Area who do not have access to the natural gas network currently have to pay:

- an upfront cost to PNGL for making natural gas available to their property; and
- their installer for converting their existing heating system to natural gas.

Consumers were not required to pay an upfront cost to PNGL for standard infill projects under UR's previous price control determinations i.e. the costs detailed in the first bullet. Furthermore, PNGL has seen at first hand the economic, health and social benefits that energy saving schemes such as the Northern Ireland Sustainable Energy Programme (**NISEP**) has provided to eligible householders. Our experience has shown that householders who benefit from funding under a NISEP scheme are typically replacing poor, inefficient and often dysfunctional heating systems. Additionally, these householders would not typically have access to income that would otherwise allow for the installation of energy efficiency measures in their home. PNGL therefore welcomes UR's review of the energy efficiency services provision identified under its Affordability objective. Any funding made available to consumers under such schemes will reduce the costs detailed in the second bullet and therefore provide greater access to the natural gas network.

In terms of UR's review of Quick Check 101, interaction between PNGL and the PSNI has, as expected, been limited. PNGL continues to support this important scheme but as the majority of visits it makes are agreed with the householder in advance, extending Quick Check 101 to gas suppliers is key to maximising its effectiveness given that they are more likely to visit premises without prior notice e.g. when reading meters.

Leadership and Engagement

Enhancing consumer engagement is a recurring theme across the four strategic objectives e.g. the collaborative groups established to underpin network companies' price controls, UR's proposed Consumer Insights Tracker project and the forum which UR will establish for consumer representative bodies, industry and UR to interact with each other. Although PNGL welcomes the opportunity to engage in such groups, PNGL would recommend that consideration is given as to how some of these projects can be coordinated or developed in parallel to avoid duplication or conflicting outcomes.

Conclusion

PNGL advocates the protection of the long-term interests of consumers and therefore welcomes this continuing opportunity to work with UR and the wider energy industry to ensure delivery of UR's existing CPS and the new CPP. PNGL would however advise caution; whilst protecting consumers lies at the heart of UR's role, it is important that:

- UR balances the outcomes of its activities (and those of industry) with the cost of undertaking those activities. These costs are ultimately met by consumers and it is therefore vital that the benefits of undertaking a project outweigh its cost; and
- UR is cognisant of regulated companies' remit in relation to consumer protection.

PNGL looks forward to the continued development of a balanced CPP central to UR's Corporate Strategy and is happy to meet with UR to discuss any queries raised following this response.