

CONSULTATION ON THE UTILITY REGULATOR'S CONSUMER PROTECTION STRATEGY 2015/16 – 2019/20

March 2015



About the Utility Regulator

The Utility Regulator is the independent non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water and sewerage industries, to promote the short and long-term interests of consumers.

We are not a policy-making department of government, but we make sure that the energy and water utility industries in Northern Ireland are regulated and developed within ministerial policy as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly through financial and annual reporting obligations.

We are based at Queens House in the centre of Belfast. The Chief Executive leads a management team of directors representing each of the key functional areas in the organisation: Corporate Affairs; Electricity; Gas; Retail and Consumer Protection; and Water.

Our Mission

Value and sustainability in energy and water.

Our Vision

We will make a difference for consumers by listening, innovating and leading.

Our Values

Be a best practice regulator: transparent, consistent, proportional, accountable, and targeted.

Be a united team.

Be collaborative and co-operative.

Be professional.

Listen and explain.

Make a difference.

Act with integrity.

Abstract

The purpose of this consultation is to seek views on the Utility Regulator's Consumer Protection Strategy. The consultation and subsequent five year strategy will set out details of how we can progress our Corporate Strategy objective of protecting the long-term interests of customers. This paper focuses on domestic electricity, gas and water customers and in particular seeks to improve customer protection in circumstances where customers may be considered to be vulnerable.

Audience

This document is most likely to be of interest to regulated supply and network companies in the energy and water industry, consumer organisations, community and voluntary organisations, natural gas, electricity and water consumers, government and other statutory bodies. The Utility Regulator welcomes stakeholder views and comments on all the proposals set out in this consultation paper.

Consumer impact

We expect that the consumer impact will be positive and in particular will help protect consumers in circumstances where they are vulnerable.

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Glossary and Acronyms

ADR	Alternative Dispute Resolution
CCNI	Consumer Council for Northern Ireland
CER	Commission for Energy Regulation
CERRE	Centre on Regulation in Europe
CM/SAT	Consumer Measures and Satisfaction Working Group
CPS	Consumer Protection Strategy
DETI	Department of Enterprise, Trade and Investment
DRD	Department for Regional Development
DSD	Department for Social Development
EED	The Energy Efficiency Directive
GSS	Guaranteed Service Standards
I&C	Industrial and Commercial (customers)
IME3	Internal Market on Energy – (Third Energy Package) EU Directive on market liberalisation in the energy sector.
I-SEM	Integrated Single Electricity Market
KPI	Key Performance Indicator
NIE	Northern Ireland Electricity
NIHE	Northern Ireland Housing Executive
NIRO	Northern Ireland Renewables Obligation
NISEP	Northern Ireland Sustainable Energy Programme
Ofgem	Office of Gas and Electricity Markets
OSS	Overall Standards of Service
PC10	NI Water Price Control 2010 - 2013
PC13	NI Water Price Control 2013 - 2015
PC15	NI Water Price Control 2015 - 2021
PNGL	Phoenix Natural Gas Limited
PPB	Power Procurement Board
PPM	Prepayment meter
PSL	Phoenix Supply Limited
REMM	Retail Energy Market Monitoring
SEM	Single Electricity Market
SEMO	Single Electricity Market Operator
SONI	System Operator for Northern Ireland
T&D	Transmission and Distribution
TSS	Trading Standards Service
UKCN	UK Competition Network
UKRN	UK Regulator's Network
UR	Utility Regulator

1 Foreword

Protecting consumers lies at the heart of our role in relation to electricity, gas and water customers. Energy and water industries differ in a number of areas, most notably the fact that domestic water customers do not receive bills. However, protecting customers is particularly important to us across all the industries that we regulate. The Utility Regulator's Corporate Strategy and Forward Work Programme sets out our approach to regulation and details those projects we have prioritised to deliver the new Corporate Strategy objectives.

We continue to work with the Consumer Council, Trading Standards and other key stakeholders to add value to the consumer protection landscape while ensuring there is no duplication of work and providing value to all our stakeholders.

Historically in NI, there has been one or two dominant electricity or gas suppliers. At present, there is only one water and sewerage service provider in Northern Ireland. In addition, NI is a small market compared to others, such as the GB energy market, and competition between energy suppliers is relatively new. Therefore, in electricity and gas retail markets we retain regulation alongside competition. In the monopoly areas of water and energy networks we retain regulation. This is how we seek to fulfill our duty to protect electricity, gas and water consumers.

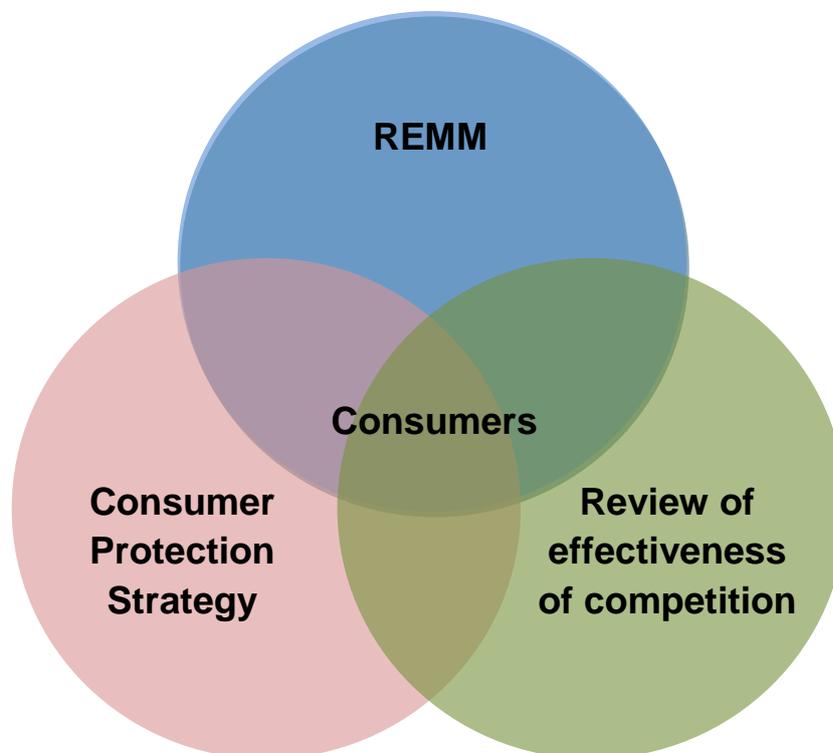
In line with EU Directives, and similar to regulators elsewhere, we work to ensure a balance of appropriate regulation alongside competition in order to deliver a high standard of consumer protection. This remains at the heart of our Corporate Strategy. The forms of regulation we pursue can be varied: direct control of prices; mandatory Codes of Practice; and measures to improve customer transparency. We recognise the need to protect today's consumers in relation to price and quality of service as well as supporting efficient investment by energy and water companies. We achieve this balance by ensuring the right incentives are in place to encourage effective and efficient delivery of services, while monitoring companies' activities to ensure compliance with their licence and, taking enforcement proceedings if needed.

Our overall philosophy in regulating utility markets is to develop, change or maintain the regulatory framework in a way that seeks to crystallise and maximise consumer benefit from competition; whilst also ensuring consumers remain protected by an effective regulatory regime that learns from best practice elsewhere. Competition is a means to an end, not an end in itself.

Within the UR, the three priority projects for the Consumer Protection Directorate currently are:

- a) **building an effective market monitoring regime for NI's energy retail markets ([the REMM project](#))**. This is currently being consulted on.
- b) **reviewing competition in energy retail markets. Stage 1 is complete; stage 2 is being formulated. ([Cornwall Report](#))**
- c) **developing a new Consumer Protection Strategy – the subject of this consultation**

These three complementary initiatives, which are flagship projects in the UR Forward Work Program, align directly with our primary statutory duties and Corporate Strategy around consumer protection.



3 pronged strategy for the Utility Regulator to provide effective monitoring, regulation and protection in the energy retail marketing.

This current paper focuses on the Consumer Protection Strategy. This is important because utility consumers, especially those more vulnerable, may need specific protection that is not needed in other sectors. We are and will continue to engage with stakeholders on all three of these inter-linked projects as they develop and are finalised.



Kevin Shiels

Director of Retail and Consumer Protection

2 Executive Summary

Our Corporate Strategy sets out how we seek to achieve our mission of promoting value and sustainability in energy and water. It details the following objectives:

1. Promoting effective and efficient monopolies
2. Promoting competitive and efficient markets
3. Protecting the long-term interests of business and domestic customers

This Consumer Protection Strategy Consultation proposes a five year evidence-based strategy setting out concrete plans and projects which will address the long term needs of domestic consumers. It helps achieve our third corporate objective and focuses specifically on domestic consumers and fits with our statutory remit to protect electricity, gas and water consumers.

The proposed Consumer Protection Strategy was developed in the context of the wider economic environment which is impacting on domestic customers. It builds upon previous work such as the implementation of European Directives¹ and our previous Social Action Plan. It also complements other ongoing work which will benefit all customers such as price controls, retail market monitoring and reviewing the effectiveness of competition.

Our goal in developing this five year Consumer Protection Strategy is to take over from the Social Action Plan and move forward in a manner which reflects the reality that any customer could face circumstances in which they may be considered vulnerable. The focus is therefore on protections for all customers that come into play in particular circumstances.

It is our intention to work in partnership with key stakeholders such as CCNI, Trading Standards Service, utility companies, community and voluntary sector representatives and government to achieve the proposed objectives. We will add value rather than duplicate work that is already being undertaken and work closely with organisations to ensure that domestic utility consumers have adequate protection.

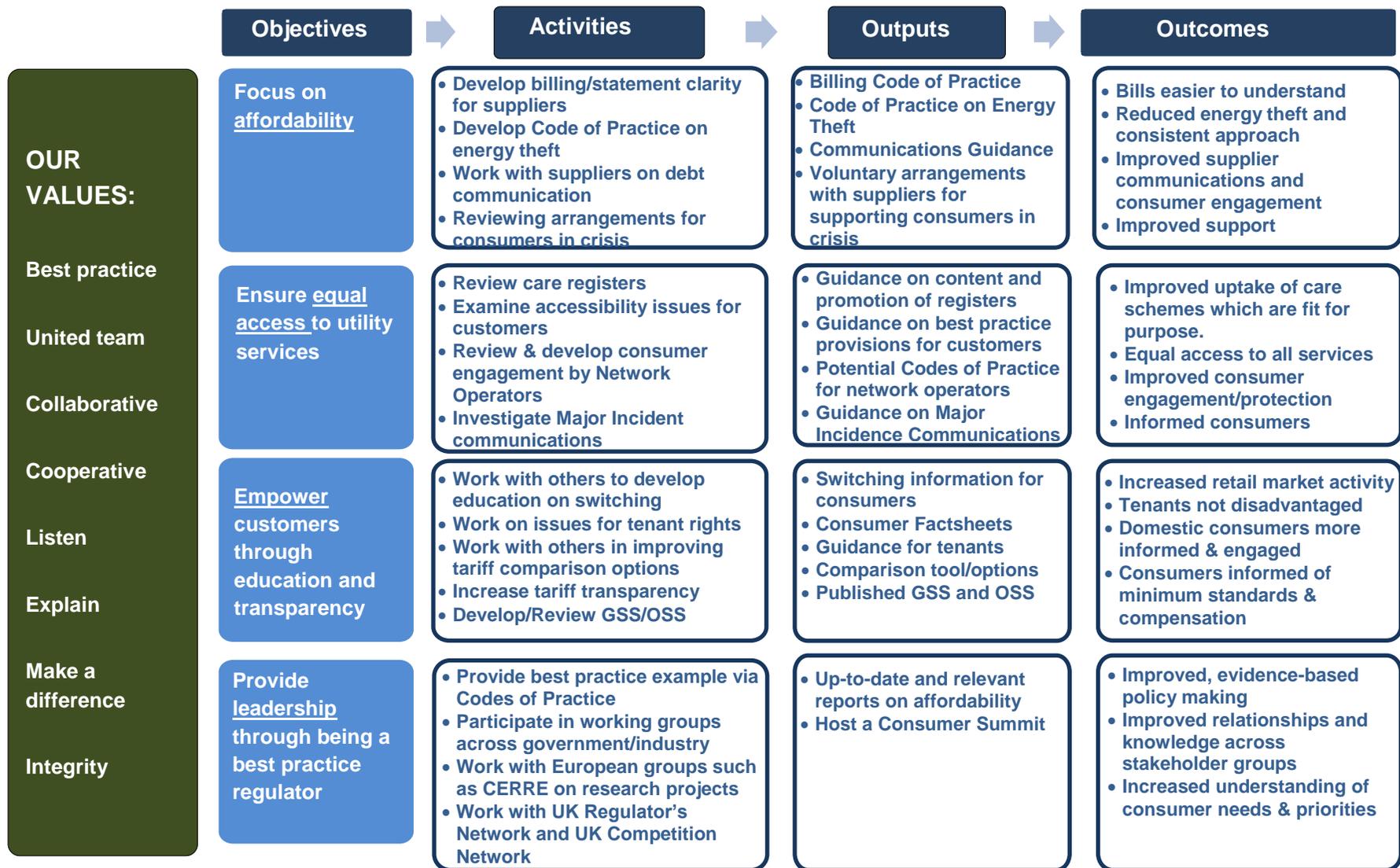
¹ Particularly the third package on energy IME3

Responses to this paper will be used to identify projects and priorities which will be mapped out over a five year period taking into consideration our resources and commitments in other areas.

The following table sets out a summary of the proposed Consumer Protection Strategy objectives, outputs and outcomes.

Proposed Consumer Protection Strategy: Summary

Corporate Objective: Protecting the long term interests of all consumers



3 Introduction

3.1 *Background*

3.1.1 The UR is the independent non-ministerial government department responsible for regulating Northern Ireland's (NI's) electricity, gas, water and sewerage industries.

3.1.2 Our work is based on the duties we have in law. These include:

- protecting the interests of electricity consumers with regard to price and quality of service by promoting effective competition where appropriate;
- promoting the development and maintenance of an efficient, economic and co-ordinated gas industry while protecting the interests of gas consumers; and
- a duty to protect the interests of water and sewerage consumers by promoting an efficient industry delivering high-quality services.

3.1.3. While we must protect all consumers, we must also have due regard for specific groups of customers, in particular those who are:

- disabled or chronically sick;
- of pensionable age;
- on low income; or
- living in rural areas. (electricity and water)

3.1.4. Our cross-cutting remit represents a unique opportunity for us to bring forward a co-ordinated strategy for the protection of energy and water customers in the provision of these essential services.

3.1.5. The legislative requirements under IME3, a package of Directives and Regulations on market liberalisation in the energy sector, placed a new and enhanced focus on “high level of consumer protection” by regulators,

together with effective market monitoring regimes. Experiences in the GB energy supply markets show the importance of effective market monitoring and the need to review the effectiveness of competition in protecting consumers. They also show the importance of regulators being in place to protect consumers where the market fails to adequately protect them.

3.1.6. These requirements link directly to our primary statutory duties around consumer protection and the objective stated in our Corporate Strategy and our Forward Work Programme to protect the long-term interests of consumers.

3.1.7. In August 2009 we published “The Utility Regulator’s Social Action Plan, Strategic Intent and Action Plan, 2009-2012”.

3.1.8. The Social Action Plan was devised to ensure that Northern Ireland’s gas, electricity and water industries are developed in a financially, socially and environmentally sustainable way. Our work is about protecting the interests of individual consumers, families and communities both present and future, and we continue to aspire to the mission, vision and values outlined in our Corporate Strategy.

3.1.9. Development of the Social Action Plan was informed by a rigorous programme of engagement with a number of key stakeholders and government departments as well as customer research commissioned jointly with the Consumer Council for Northern Ireland. A workshop was also held with representatives from a range of voluntary and community organisations including representatives from Section 75 groups. The outcome of this engagement helped shape policy on how best we can work towards ensuring that utility services meet the needs of all customer groups.

3.1.10. The Social Action Plan was due for review in 2012. However due to the emphasis on consumer protection from IME3, and its potential to

strengthen the level of protection that could be set out in a revised Social Action Plan, we decided that IME3 implementation should be progressed in advance of any review of the Social Action Plan. We believe that implementation of IME3 not only supported the work identified in the Social Action Plan but provides for more robust and meaningful protection of consumers in the future.

3.1.11. The Consumer Protection Strategy will replace the Social Action Plan and has been expanded to cover all domestic energy and water consumers. Our aim is to develop a strategy which will protect all regulated energy and water customers with a particular focus on vulnerable customers who tend to benefit least from competitive markets.

3.1.12. The Consumer Protection Strategy will continue the work of the Social Action Plan. The reason for the change of name and emphasis is the recognition that any consumer could be considered vulnerable given a particular set of circumstances and therefore a high degree of protection needs to be in place for all domestic consumers, with particular emphasis on circumstances (rather than individual characteristics) which could mean customers are vulnerable. This also recognises that “vulnerable” is not necessarily a permanent characteristic.

3.1.13. In this consultation paper we review our achievements under the Social Action Plan and look at the strategic environment our organisation works in. Furthermore, we have deliberately included information on the outcomes of our stakeholder engagement and research to provide an understanding of how we arrived at the proposed strategic objectives, activities and outputs.

3.1.14. This consultation paper seeks stakeholder views on the proposed Consumer Protection Strategy for 2015/16 to 2019/20. Through this process we are seeking to:

1. Collect and discuss stakeholder views in relation to the proposed Consumer Protection Strategy; and
2. Assess stakeholder priorities in relation to the activities and outputs.

4 Strategic Context

4.1 Corporate Context

4.1.1. Our mission statement is to provide value and sustainability in energy and water and it is our duty to protect consumers in the electricity, gas and water industries. In our Corporate Strategy we discuss the need to strike a balance between protecting the interests of consumers in both the short- and long-term. We state how we achieve consumer protection in terms of price and quality of service as well as supporting efficient investment by energy and water companies through having the right incentives in place to encourage more efficient, effective and successful enterprises. We also discuss the need to achieve a balance between utility costs and prices with the need to keep utility services operating effectively, as well as supporting renewable energy.

4.1.2. The Forward Work Programme details our overall energy and water regulatory activities which help us to deliver our duty to protect consumers. These activities include:

- the issue and monitoring of licences that allow gas, electricity and water companies to operate in NI;
- cost reporting and monitoring of utility companies;
- market monitoring for gas and electricity retail markets and the wholesale electricity market;
- determining regulatory appeals, complaints and disputes;
- the management and oversight of the Northern Ireland Renewables Obligation (NIRO); and
- ongoing communications and engagement with industry and the voluntary and statutory sectors (e.g. in respect of statutory consultation exercises).

4.2 Economic Context

4.2.1. In 2009 when the Social Action Plan was published there was a global economic downturn which was causing financial hardship for all consumers in Northern Ireland. During the past five years Northern Ireland, along with the rest of the UK has continued to experience difficult economic conditions with cuts in public expenditure alongside an increase in unemployment levels and poverty.

4.2.2. While labour market conditions are now improving in Northern Ireland, and the number of people claiming benefits has fallen, economic inactivity, at 27%, remains high and is significantly above the UK rate of 22.2%². (Figures up to date at time of writing)

4.2.3. A report published by the Competition and Markets Authority on problem debt³ highlighted that in the UK, household debt stands at over £1.4 trillion and the debt-to-income ratio is forecast to increase significantly in the coming years, nearing pre-financial crisis levels by 2019. The Financial Conduct Authority reported that low-income consumers who previously had higher incomes cited a change in circumstances as the greatest difficulty in servicing their existing commitments⁴. The two leading advice charities in Northern Ireland both report increases in numbers of people seeking help with debt. During 2013-2014 the money and debt advice service, Debt Action NI, helped over 5,000 people deal with over £62 million in debt⁵ while Citizen's Advice helped more than 9,500 people to deal with almost £80m⁶ of debt during the same period.

4.2.4. According to the NIHE House Condition Survey (2011)⁷ Northern Ireland has the highest rate of fuel poverty in the UK at 42%. Low

² <http://www.northernireland.gov.uk/economic-growth-bulletin-november-2014.pdf>

³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/362689/Problem_debt.pdf

⁴ Optimisa research for FCA (2014), *Consumer credit research: low income consumers*.

⁵ <http://content.yudu.com/web/3729o/AnnualReports/ANIAnnualReport/flash/resources/index.htm?referrerUrl=http%3A%2F%2Fcontent.yudu.com%2Fweb%2F3729o%2FAnnualReports%2FANIAnnualReport%2Findex.html>

⁶ <http://www.citizensadvice.co.uk/media/uploads/CAB%20annual%20report%202014.pdf>

⁷ http://nihe.gov.uk/northern_ireland_house_condition_survey_main_report_2011.pdf

income continued to be a significant cause of fuel poverty in Northern Ireland in 2011 alongside other factors such as age and employment status of the head of household, age of dwelling and rurality.

4.2.5. Furthermore, the 2011 House Condition Survey shows that even if the dwelling is given an efficient heating system and is insulated to the highest standards it does not mean that the household will automatically be brought out of fuel poverty. The cost of fuel and low income will remain important contributory factors to fuel poverty.

4.2.6. In water, while domestic consumers do not directly receive water and sewerage bills, our regulatory regime works to protect consumers by delivering price controls which ensure an efficient NI Water carries out its functions with due regard for vulnerable consumers.

4.3 *Legislative and Policy Context*

4.3.1. In conducting our work we must always be aware of policy development and implementation which will influence our work with regard to consumer protection.

4.3.2. NI Water is a government-owned company. However, as it relies on government funding for the majority of its revenues, it is also classified for public expenditure purposes as a non-departmental public body and it is subject to the rules that govern public expenditure. This hybrid arrangement adds complexity and funding is uncertain from year to year. Water charging has currently been deferred to at least 31st March 2016.

4.3.3. Subject to approval by the Northern Ireland Assembly and the Northern Ireland Executive, the new Welfare Reform Bill for Northern Ireland will result in changes to the benefits system. Many of the current benefits will cease to exist and new benefits and payment systems will be introduced. We will remain cognisant of any changes resulting from Welfare Reform

that impact consumers as we implement our Consumer Protection Strategy.

4.3.4. The Third Energy Package (IME3), a package of Directives and Regulations on market liberalisation and consumer protections in the energy sector in relation to the electricity and gas industry, clearly and deliberately placed a new and increased emphasis on consumer protection measures and consumer information. It has been implemented in NI via energy supply licences and Codes of Practice.

4.3.5. The Energy Efficiency directive (EED) was published in 2012, with a transposition date of 5 June 2014. The Directive establishes a common framework of measures for the promotion of energy efficiency within the EU in order to ensure that the EU achieves its overall target of a 20% improvement in energy efficiency by 2020. The Directive includes requirements for billing and information which will provide increased consumer protection in the form of better information, allowing consumers to better understand their bills and manage their energy consumption.

4.3.6. The Alternative Dispute Resolution (ADR) Directive requires EU member states to put in place, by July 2015, a comprehensive framework of alternative dispute resolution services. Alternative Dispute Resolution refers to schemes that are available to help complainants resolve their dispute outside court. Implementation of the Directive in Northern Ireland is being led by the Department of Finance and Personnel. We are working with the relevant Departments and contributing to discussions on the implementation of ADR in Northern Ireland.

4.3.7. Our work is conducted within the context of the UK Government Principles for Economic Regulation⁸ which states that economic

⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/31623/11-795-principles-for-economic-regulation.pdf

regulation aims to promote effective competition where this is possible, and to provide a proxy for competition, with protection of consumers' interests at its heart, where it is not meaningful to introduce competition. We adhere to the principles: Accountability, focus, predictability, coherence and adaptability.

5 Developments since the last Social Action Plan in 2009

5.1 Background

5.1.1. In developing the Social Action Plan for 2009 – 2012, we reviewed existing licences and activities that had been undertaken to assist and protect vulnerable customers.

5.1.2. We can only take forward activities/ actions that are consistent with our statutory duties and our statutory functions. The Social Action Plan for 2009 – 2012 was designed to co-ordinate all the actions to be taken by the UR to protect vulnerable customers but was mindful of the need to take account of the differences between the energy and water industries.

5.1.3. The last Social Action Plan primarily looked at two areas:

- Financial insecurity.
- Equal access to utility services for vulnerable groups such as those who are disabled or chronically ill, who face language barriers or who may be vulnerable due to their age, rural location, or other reason.

5.1.4. A Forward Work Plan was developed and proposed activities categorized under five themes:

1. Reducing Financial Insecurity
2. Equal Access to Utility Services for Vulnerable Groups
3. Energy and Water Efficiency
4. Working with Others
5. Monitoring and Review of Social Action Plan

In this portion of the paper we review the work conducted to date within each of the five themes. In approaching the review it is important to

acknowledge that utility regulation exists in an environment that is influenced not only by local political and legislative occurrences but also by changes at Westminster and indeed at European level.

5.1.5. During the process of implementing IME3, we recognised that the Third Energy Package clearly and deliberately placed a new and increased emphasis on consumer protection measures and consumer information. In reaching our final decisions on enhanced consumer protection under IME3, we embarked on a thorough process of stakeholder consultation including a full written consultation in 2011, stakeholder workshops in September 2011 and January 2012, hosting a range of meetings as well as considering a wide range of sources of evidence.

5.1.6. Given how this emphasis on consumer protection from IME3 fits with the Social Action Plan and actually strengthens the regulatory power to protect vulnerable consumers it was considered appropriate to allocate resources to the implementation of IME3 and to scope out a revised Consumer Protection Strategy once IME3 implementation was in place. We believe that implementation of IME3 not only supports the proposed work which was identified in the Social Action Plan but has provided for more robust and meaningful protection of vulnerable consumers in the future.

5.1.7. Some consumer benefits associated with the implementation of IME3 are as follows:

- More transparency in relation to complaint handling, debt recovery and consumer rights;
- Fairer arrangements in relation to debt recovery and security deposits; and
- Better monitoring of suppliers.

5.2 Reducing Financial Insecurity

Encouraging Energy Retail Competition

5.2.1. Significant work has been completed by the UR over the past five years to ensure the introduction and growth of retail competition for domestic consumers in Northern Ireland in both gas and electricity. This should help to maintain downward pressure on energy prices.

5.2.2. In May 2012 the Enduring Solution System was launched in electricity and has delivered unlimited capacity for switching by domestic consumers between electricity suppliers. Since the domestic electricity market opened in 2010, over 200,000 domestic customers have switched supplier and there are currently eight electricity active suppliers in NI, five of them supply the domestic market.

5.2.3. In gas, firmus energy entered the Greater Belfast market in November 2010 allowing customers to choose their supplier. This was facilitated by the UR's work ensuring that switching systems developed were robust and were delivered at a low cost to consumers. Additionally, in September 2011 due to enhancements in the switching system, gas customers who use prepayment meters were able to switch suppliers. Work on opening of the gas market for domestic customers across the Ten Towns area is almost complete and the market will be fully opened for competition from April 2015.

Price Controls

5.2.4. Currently in the energy sector we regulate through price control the following companies that transport and supply gas and electricity (Power NI, NIE T&D, Phoenix Natural Gas, SSE Airtricity, firmus energy (distribution), firmus energy (supply)). SEMO and SONI are also price-controlled companies.

5.2.5. In the gas sector, we control the network charges made by the gas distribution companies. The 2012 Price Control decision for Phoenix Natural Gas Ltd (PNGL) balanced the interests of consumers and PNGL. Consumers benefitted by £19.2 million as a result of the UR not accepting PNGL's price control proposals and referring the matter to the Competition Commission. In December 2013 we published our GD14 price control decision paper which applied to both firmus and PNGL. For the average customer this price control has led to a saving of around £23 per annum for PNGL customers and £50 for firmus customers.

5.2.6. We also control final end gas prices for domestic and small businesses. For example, the Phoenix Supply Ltd (PSL) Price Control determination for 2012/2016 which was published in November 2011 reduced costs from PSL's original submission by an average of over 20%, saving customers an average over £1.1m per annum. Per customer this equates to a saving of around £9 per annum over the period of the control on operating costs.

5.2.7. In electricity, following the rejection of our price control by NIE T&D, we referred the matter to the Competition Commission in April 2013. As a result, domestic customers' annual bills will be £10 lower than they would have otherwise been.

5.2.8. Power NI is currently the only electricity supply company which is subject to price regulation and as a result of the most recent price control process there will be a saving of £6 per annum per customer which will remain in place until 2017.

5.2.9. In water, a key milestone was reached with NI Water successfully meeting the challenges of its first regulatory price control, PC10 (covering the period 2010-13). The PC10 price control marked the culmination of a period of extensive engagement with NI Water, consumers and principal

stakeholders. Our cost and performance report for PC10⁹ reported that in overall terms NI Water had successfully delivered its first regulatory price control, reducing prices and improving services to consumers. NI Water is currently within the PC13 price control period, which is a two-year price control period ending on 31st March 2015. PC13 will be followed by PC15, a 6-year price control period covering the period 1st April 2015 to 31st March 2021.

5.2.10. The final determination for the PC15 price control¹⁰ was published in December 2014. This determination will provide:

- Lower bills for most water and sewerage (business) consumers,
- Improved efficiency with –NI Water to deliver 11.5% real terms reduction in total operating expenditure by 2021,
- Continued significant investment in water and sewerage; and
- Improvements in levels of service.

Wholesale Market Redesign

5.2.11. SEM continues to deliver benefits to consumers by ensuring that the price of electricity charged to consumers is reflective of the costs incurred by the generators to actually produce the electricity. Further development of new generation on the island of Ireland has increased investment and competition in the wholesale market. However, the full range of benefits from the SEM have not been realised primarily due to the absence of the second North South Interconnector.

5.2.12. We are also working with CER to create a new electricity market for the Republic of Ireland and Northern Ireland, the Integrated Single Electricity Market (I-SEM). It is expected that among the benefits of the I-SEM will be greater transparency and increased competition in the electricity market in Northern Ireland and Ireland.

⁹ http://www.uregni.gov.uk/uploads/publications/CP_Report_2010-13_Executive_Summary.pdf

¹⁰ [http://www.uregni.gov.uk/water/price_control/pc15/final_determination/.](http://www.uregni.gov.uk/water/price_control/pc15/final_determination/)

Metering

5.2.13. Since 2009 the number of domestic consumers using prepayment meters to pay for their electricity and gas has increased. At the end of 2009, around 31% of domestic electricity consumers were using prepayment meters while at the end of 2014 the percentage had increased to 41%. In the gas sector percentages differ between both distribution licensed areas. In the Greater Belfast area, at the end of 2009 there were 56% of domestic gas customers using prepayment meters, while this percentage was 64% by the end of 2014. Outside Belfast the percentage of prepayment gas customers increased from 81% to 90% from 2009 to 2014. It is important to note, however, that the gas markets have developed significantly in the last few years. The increase in the number of domestic customers in the period 2009-14 in the Greater Belfast area was around 40%, while there was an increase higher than 300% outside Belfast over the same period.

5.2.14. Prepayment meters are a popular choice for consumers in NI as many who use this method of payment find it an excellent budgetary tool and feel they have greater control over their spending. Prepayment meters are more popular in Northern Ireland than in GB (where prepayment is around 16% of the domestic electricity sector, and 15% in the gas sector) as Northern Ireland consumers do not pay a premium to use a prepayment meters. Also, we have ensured that switching systems allow consumers who use prepayment meters to switch suppliers.

5.2.15. Smart Meters involve a technology which can be used to help consumers monitor their energy usage. While a commitment has previously been made for electricity smart metering to be rolled out in NI (and considerations are being given to gas smart metering roll out), no firm decisions have yet been made as to the actual timings for implementation of the commitment or the precise nature of the implementation programme. DETI is currently reviewing the Cost-Benefit Analysis which will inform future developments in this area.

Growing the gas network

5.2.16. Access to natural gas has many benefits for consumers. Bills for gas consumers tend to be lower than for home heating oil, and natural gas is the lowest carbon content fossil fuel. Throughout the duration of the Social Action Plan we have approved extensions of the gas network which have brought the benefits of natural gas to new areas. We have been working with DETI on developing Gas to the West and licencees have been appointed. Gas to the West will allow potentially 40,000 domestic and commercial customers to connect to the new gas network in Tyrone and Fermanagh. These customers will benefit from lower energy costs and society as a whole will benefit from lower carbon and other emissions.

Power Generation Contracts

5.2.17. Unwinding historic generation contracts in the wholesale electricity markets has also benefitted consumers. These were put in place in the 1990s as part of restructuring the industry. For example in 2012 five of these contracts between PPB and generators (called Generating Unit Agreements) were cancelled providing an estimated consumer saving of around £4m a year.

5.2.18. During 2014 we carried out a review of the two remaining Generating Unit Agreements, taking account of both economic and policy considerations. As a result of this process we decided not to instruct cancellation of these contracts at this time and estimated they will benefit electricity consumers by approximately £1.3 million on average per annum over the next four years.

5.3 Equal Access to Utility Services for Vulnerable Groups

Codes of Practice on Customer Care

5.3.1. As stated earlier, the legislative requirements under IME3 placed a new and enhanced focus on “high level of consumer protection” by regulators, together with effective market monitoring regimes. Responses to the 2009 Social Action Plan consultation and subsequent research by the UR also highlighted the need for this important work. Since then we have updated all electricity and gas supplier licence conditions relating to Codes of Practice to ensure that they meet the requirements of IME3. We consulted widely on the following Codes of Practice for energy suppliers and a final decision paper will be published shortly.

- Code of Practice on Payment of Bills
- Code of Practice on Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick
- Code of Practice on Complaints Handling
- Code of Practice on Services for Prepayment Meter Customers

5.3.2. Implementation of IME3 also resulted in licence modifications which required the development of a new Supplier Marketing Code of Practice. The Supplier Marketing Code of Practice came into effect on 19th June 2014 and protects gas and electricity customers, in particular vulnerable customers, from inappropriate marketing practices, ensuring that they can make an informed, unpressurised decision on whether or not to change their energy supplier.

Monitoring Licence Compliance

5.3.3. Effective monitoring and reporting processes are essential to track progress in customer protection, to identify issues that need resolving and to highlight areas for future action. Monitoring licence compliance is ongoing across all business areas.

Best Practice Standards

5.3.4. During 2009 – 2010 we took forward a project analysing electricity, gas and water customers' views of the Guaranteed Standards Schemes (GSS) standards of service in relation to utility services.

5.3.5. In February 2011 the Energy Act (Northern Ireland) 2011 introduced additional powers and requirements in relation to the gas industry in Northern Ireland. This legislation enables the UR to introduce a standard of performance framework for gas companies to their customers.

Guaranteed Standards of Service for gas became effective on 1 April 2014 and require companies to deliver against a range of standards to consumers. This includes:

- ensuring consumer complaints are speedily addressed,
- gas supply interruptions are limited and work on a customer's property is quickly reinstated.

Failure to meet the standards may result in a monetary payment to the consumer.

5.3.6. In water, as part of the final determination, in the PC15 Monitoring Plan we have introduced two new KPI's to the effect that by the end of 2015 the Consumer Measures and Satisfaction Working Group (CM/SAT) will have trialed new consumer measures and a new consumer satisfaction survey. To assist the development of the new consumer satisfaction survey a range of acceptance criteria has been agreed by CM/SAT to allow examination of competing options which includes: provide an overall measure of customer satisfaction, be easy for customers to understand, and be actionable – all of which provide support for improvements in the consumer experience.

5.3.7. Currently there are no Guaranteed Standards of Service (GSS) or Overall Standards of Service (OSS) for NI Water although water related

GSS consumer research was completed as part of the wider review of GSS across the utilities and we will continue to review this area.

5.4 Energy and Water Efficiency

5.4.1. Following major water supply disruptions, affecting approximately 450,000 consumers across Northern Ireland during December 2010-January 2011, we conducted an investigation into NI Water's handling of the incident. Over an eight-week period, we carried out a detailed investigation into the causes and the extent of the supply disruption and the performance of NI Water during the incident. Our investigation report concluded that adverse weather and NI Water's inadequate response were key factors affecting the customer experience. Our report included a Recovery Action plan for addressing the problems identified. This detailed 56 actions for NI Water, other statutory bodies and us to address over the short, medium and longer term. NI Water acknowledged all of the conclusions from the investigation and made a formal commitment to deliver and report closure on the actions in the Recovery Action plan that relate to them.

5.4.2. In December 2014 and January 2015 some NI Water employees took industrial action in response to planned changes in pension contributions. During this period, staff involved did not work during the evenings, at weekends or during public holidays, withdrawing support necessary to keep some critical plant in operation and respond to other breakdowns and emergencies. The main impact of the action on consumers was a sustained loss of water supply caused by the shutdown of a number of water treatment works. The Minister for Regional Development has asked the UR to undertake a review of the response of NI Water to the customer facing aspects of the dispute. We intend to complete this work and issue our report and recommendations by the end of April 2015.

5.4.3. We continue to monitor NI Water's action on water efficiency through the Annual Information Return. This report provides details on how NI Water has promoted water efficiency to its customers including education schemes, distribution of water saving devices and working in partnership with other organisations on new projects, and by designing and introducing new strategies.

5.4.4. The UR is responsible for the Northern Ireland Sustainable Energy Programme (NISEP) which has been promoting energy efficiency since 1997 up to the current time. The NISEP delivers energy efficiency measures to domestic and commercial premises with 80% of funding aimed at vulnerable/low income consumers.

5.4.5. In addition to the Codes of Practice previously listed, energy suppliers have a Codes of Practice on the efficient use of electricity/gas in their licence. This obliges energy suppliers to give their customers information and guidance on how to use energy efficiently.

5.5 Working with Others

Consultation and Engagement with Stakeholders

5.5.1. Over the past five years in keeping with our proposals in the Social Action Plan, we have increased our stakeholder engagement, which has allowed us to reach out to a range of organisations.

5.5.2. In January 2011 we organised a major conference on Financing Infrastructure, which was attended by over 80 people from a diverse range of organisations.

5.5.3. In water we continue to work closely with DRD and NI Water and steering groups and committees. We have participated in the Water Strategy Steering Group which comprises DRD, NI Water, CCNI, and the

Northern Ireland Environment Agency.

5.5.4. We have engaged with the Enterprise, Trade and Investment Committee and the Regional Development Committee and given evidence to both committees on several occasions.

5.5.5. In energy, we have developed strong relationships with partners such as government departments (DETI and DSD), advice agencies and many other community and voluntary organisations (representing different groups in society such as older consumers and people with disabilities). We continue to facilitate standing liaison groups with industry, such as the Renewables Grid Liaison Group. In 2014, we established the Domestic Consumer Reference Group to promote an ongoing informal dialogue and engagement between the UR and those organisations that represent consumers on energy issues. During 2015, we expect to set up an energy industry reference groups to also promote dialogue and engagement.

5.5.6. We have held a range stakeholder workshops as part of our consultation processes in order to encourage and facilitate full stakeholder engagement and input into our work. Among the workshops held include those on Supplier Codes of Practice, RP5 and Critical Care registers.

Communication and Information

5.5.7. Over the past five years we have sought to improve internal and external communications. We have produced a range of information materials to support our communications on energy tariffs and Price Control announcements and delivered our key messages across a range of local news media. Our commitment to producing more accessible information led to us producing a Corporate Strategy which received the Plain English Campaign's Crystal Mark accreditation. We have undertaken more stakeholder events to encourage participation in

consultations and have adopted a standard organisational publication format to improve the consistency and accessibility of our documents.

5.5.8. In order to ensure we keep abreast of new developments in other jurisdictions we have organised and contributed to a number of national level conferences over the past five years and continue to retain membership of a number of UK Water Industry research projects on regulation topics and work with the Water Association for Europe. We also work with the UK Regulator's Network to ensure cooperation between sectors and the UK Competition Network to encourage stronger competition for the benefit of consumers. We continue to work closely with the Commission for Energy Regulation in Ireland.

6 Where do we go from here?

Our goal in this project is to develop and implement a new Consumer Protection Strategy to take over from the previous Social Action Plan. It will be a five year strategy for 2015/16 to 2019/20 and will take into consideration our resources and commitments in other areas.

The development of this strategy has been based on evidence gathered via extensive stakeholder engagement and will result in projects which will become part of our work plan up to 2020. In order to identify which areas of work the new Consumer Protection Strategy should focus on we decided that engagement with stakeholders including utility companies, consumers, consumer representatives and community and voluntary organisations was vital. We commissioned a piece of qualitative research with a range of consumers across Northern Ireland, participated in an omnibus survey and met with representatives from a variety of consumer organisations and regulated companies.

6.1 *Qualitative Research*

- 6.1.1. As part of developing our thoughts on the new Consumer Protection Strategy we commissioned an independent research company to conduct qualitative research to explore and identify domestic consumers' needs in relation to energy and water supplies and identify their service and consumer protection improvement priorities.
- 6.1.2. Ten group discussions were held with a range of energy and water consumers across five cities and towns in Northern Ireland. A variety of age groups and backgrounds were recruited and participants from both urban and rural areas participated in the research.
- 6.1.3. In addition, 15 in-depth interviews were conducted with three special interest groups, namely: private and social renters, individuals with long-term illnesses or disabilities and those who are struggling financially or have self-disconnected.

The qualitative research identified some key issues for consumers:

6.1.4. It became apparent across the group discussions and interviews that there is a real lack of awareness of the extent of electricity and gas competition in Northern Ireland. Many of the consumers involved in this research have opted to stay with the incumbent supplier and have never switched. For those who had switched, price was the main driver.

6.1.5. There is also a considerable lack of awareness of the switching process, with many believing that switching supplier would entail a significant amount of hassle, including visits to the home to install new cables and wiring or involve considerable upheaval with old pipes being dug up and new pipes laid and a period of time without supply. When queried further, consumers claimed this perception came as a result of negative experiences with phone and internet providers.

6.1.6. Despite the fact that many consumers had not switched either energy provider, they feel that the UR should ensure that there is more competition and that this is communicated to the public. It would appear the general lack of awareness that switching is possible or the simplicity with which a consumer can switch is preventing consumers from getting the best possible deal on their bills. Lack of switching does not necessarily mean a lack of interest in doing so. In order to enable and empower consumers in the future, it will be important that guidance on switching is provided in a straightforward, succinct manner.

6.1.7. Participants mentioned that information on the various tariffs is limited and comparison websites often do not cover Northern Ireland, which is considered to disadvantage consumers here. Tariffs for both electricity and gas bills are not clear and thus it is difficult for some consumers to calculate the savings they may make if they switch to another provider. Consumers reported that information on tariffs needs to be simplified in

order to empower them to switch. A suggestion was that a comparison website needs to be developed specifically for Northern Ireland.

6.1.8. Some participants claimed that they felt pressured by energy companies to switch and therefore it would be important to monitor the techniques used by sales representatives from energy companies to ensure they are not using excessive pressure to 'get the sale'. It is also important that these companies are monitored to ensure that the information and advice they provide to consumers is transparent, clear and not misleading.

6.1.9. Few of the consumers who participated in the research were aware of Customer Care Registers, even though some have spouses or family members with a disability. Consumers regarded these registers and the assistance they can offer as very important and queried why they had never been made aware of this in the past. Given that few consumers were aware of Customer Care Registers, many believed it would be important to highlight their existence. Some of those who participated in the research thought that there should be more joined-up approach between energy suppliers and statutory agencies to ensure that those who are ill or disabled receive the support they need from their electricity and gas suppliers. It would be important to ensure that everyone is made aware of appropriate services and care registers available, as it was recognised that peoples' circumstances change constantly and they never know when they may need to avail of these.

6.1.10. With regard to communications from suppliers, participants stated that it is important that essential information is communicated on letterheads and addressed to the householder or account holder, rather than a generic salutation. Some suggested that important information is included with the bill.

6.1.11. In terms of domestic water, awareness of the organisation responsible for this service was mixed. Some knew that NI water services fall within

the remit of Northern Ireland Water (NI Water), while others were under the impression that either their local council or the Northern Ireland Housing Executive is responsible for this.

6.1.12. Only a small number claimed to have had any experience or dealings with NI Water. However, for a few, issues surrounding flooding in their local areas had been on-going and had not yet been resolved as NI Water, the local council and in some cases the Northern Ireland Housing Executive debate who is responsible for finding a remedy for the problem.

6.1.13. Some participants questioned the extent to which energy and water Codes of Practice are enforced and many were not convinced that companies are held to account. Furthermore, many were surprised to learn that there is a regulator for energy and water in Northern Ireland. Participants stated that creating service level agreements and ensuring that vulnerable consumers such as those with disabilities or long-term illnesses are considered and are given access to additional services to assist them were also considered important. Consumers stressed the importance of service level agreements, to ensure that energy companies are bound to respond to and resolve problems or faults within defined time periods.

6.1.14. Many claimed they are struggling to keep up with their energy bills and as a result of perceived increases in bills, they do not feel there is sufficient monitoring of electricity and gas prices. Even though consumers understand that electricity and gas companies are businesses and are entitled to make a profit, participants believe the amount of profit should be limited.

6.1.15. For those on prepayment electricity or gas meters, they stated that it is important that they are provided with a statement of use on an annual basis as a minimum. Others would be keen to receive statement on a

more regular basis, to monitor usage at different times of the year and to check if energy efficiency measures adopted have had an impact on energy consumption. In addition, the statement would enable consumers to compare tariffs more easily than they can at the present time.

6.2 Quantitative Research

- 6.2.1. Corporately, we have been tracking the views on consumers on energy and water issues on an annual basis since 2009.
- 6.2.2. In August 2014 we conducted quantitative research as part of the Ipsos MORI NI omnibus involving a sample of 1,016 adults in Northern Ireland with a booster sample of 306 interviews to achieve a total of 500 gas customers in the sample.
- 6.2.3. The research showed that the majority of those interviewed are aware that they have a choice when it comes to the company that supplies their electricity or gas (83% and 80%¹¹ respectively).
- 6.2.4. Although the majority of consumers know they can switch supplier, 60% of electricity customers and 63% of gas¹¹ customers have never done so. For those who have switched, the main driver was price (electricity, 89%, gas¹¹, 84%).
- 6.2.5. Only a third of electricity consumers, 34% would consider switching supplier in the future. For gas consumers, 46% of customers in the Greater Belfast area who can currently switch would consider switching in the future with 38% of all gas customers saying they would consider switching in the future. Again, price would have a significant impact on the decision to switch with 97% of both electricity and gas consumers and saying it would influence their decision.

¹¹ Base – customers in the Greater Belfast gas area who can switch to an alternative supplier.

6.2.6. Unlike GB consumers, the majority of Northern Ireland gas and electricity consumers trust their energy supplier. In Northern Ireland 74% of electricity consumers and 69% of gas consumers say they trust their supplier. Only 7% of electricity customers and 10% of gas customers distrust their supplier in comparison to GB gas and electricity customers of whom 43% distrust their supplier and only 29%¹² trust their supplier.

6.3 Key Stakeholder Meetings

6.3.1. From May 2014 to February 2015 we met with stakeholders such as representatives from regulated energy companies, NI Water, consumer organisations, community and voluntary organisations, government and other statutory bodies to identify the areas where the CPS should be focused. Meetings with stakeholders were very productive and included the following suggested areas of work:

Energy Theft

6.3.2. Stakeholders stated that the incidences of meter tampering and energy theft are increasing and stated that work needs to be done in this area to ensure a consistent, fair approach to theft among suppliers and to promote awareness of the implications of theft amongst consumers and options available to them if they are having difficulty paying their bills.

Tenants

6.3.3. Several areas of work were suggested for people living in both private rented and social housing. Stakeholders said that there is a need to promote switching awareness and consumer rights and responsibilities among tenants

¹² <https://www.ofgem.gov.uk/ofgem-publications/74756/customer-engagement-energy-market-tracking-survey-2013.pdf>

Monitoring

6.3.4. Stakeholders reiterated the importance of monitoring suppliers to ensure compliance with licence conditions and Codes of Practice and ensure confidence in the utility market.

Network Operators

6.3.5. It was raised that consumer protection is an issue for network companies as well as suppliers. Stakeholders suggested that the Consumer Protection Strategy should include work on how networks can develop better relationships with consumers, how they can be more involved in consumer protection issues and how they can work better with suppliers.

Accessibility

6.3.6. Ensuring appropriate access to meters for all consumers especially those with specific needs such as older consumers or people with a disability was raised alongside the need to promote the additional services that are available to meet the needs of different customer groups.

Switching

6.3.7. Many stakeholders said that there is a need to ensure that consumers understand the process involved in switching suppliers and a need to debunk the myths regarding physical changes or risk of drop in supply. They stated that messages need to be simple and barriers to switching removed.

Billing

6.3.8. It was noted that there is a lot of information on bills and that bills need to be kept simple for ease of understanding. Concerns were raised that online billing is not suitable for all consumers and that bill format should take into account the needs of people with a learning disability. There were also concerns that PPM customers do not seem to have the same

care and entitlements as those who pay by Direct Debit or by standard credit.

Communication

6.3.9. With regard to how the UR communicates with stakeholders it was suggested that we should, where appropriate, promote a positive view of the energy industry. It was also stated that workshops and similar events were very useful and it was suggested that there should be an annual consumer event.

Customer Care Registers

6.3.10. Several stakeholders stated the need to review and promote the Customer Care Registers to raise customer awareness and registration.

Tariffs

6.3.11. As raised with the qualitative research, stakeholder representatives stated that there need to be a simplified approach to displaying tariffs and that consumers need to be educated on how to compare rates so that they can make informed choices in the competitive market.

Debt Handling

6.3.12. Stakeholders stated that this is an area which needs to be addressed including issues such as how should suppliers handle demands for repayment. Other stakeholders suggested stronger links with advice agencies and other organisations, consistent advice and consistency of treatment and a wide range of different payment options.

6.4 Other Utility Regulator Work

Review of Effectiveness of Competition in the NI Energy Retail Market

6.4.1. As part of the Review of Effectiveness of Competition in the Northern Ireland Energy Retail Market, Cornwall Energy conducted an assessment

of the retail market in Northern Ireland¹³.

6.4.2. A report was published in November 2014 and we have used some of the findings to inform development of the Consumer Protection Strategy. Some of the key findings regarding domestic consumers echo comments made in the quantitative and qualitative work discussed above; the most relevant to development of the Strategy are:

Electricity consumers

- Concern about the inability to easily access tariff comparisons.
- Consumer proficiency, poor access to tariff comparisons and lack of switching culture dampens consumer response.
- Switching levels are moderate but have declined. If this persists new entrants will struggle to grow customer numbers and prospective new entrants will be less likely to appear.
- Competition initially moderate but tending towards weak.

Gas consumers¹⁴

- Concern about the inability to easily access tariff comparisons
- Consumer proficiency, poor access to tariff comparisons and lack of switching culture dampens consumer response.
- Competition initially moderate but tending towards weak.

6.4.3. The report recommended areas for consideration which supported recommendations from key stakeholder representatives and the findings from the qualitative consumer research:

- Assessing the appetite for a centrally- administered comparison and switching site for both gas and electricity that is independently accredited.
- Household consumers require continued education on the process for taking advantage of the competitive retail market.

¹³http://www.uregni.gov.uk/uploads/publications/Review_of_the_effectiveness_of_NI_retail_markets_Final_171114.pdf

¹⁴ Applies to gas consumers in the Greater Belfast area

Codes of Practice

6.4.4. We have also used the input from stakeholders from the Codes of Practice workshop and consultation to contribute to development of the Consumer Protection Strategy. Some of the key areas which were deemed more appropriate to sit within the Consumer Protection Strategy are included below.

6.4.5. There were concerns over the wording of any correspondence from suppliers, stating the need for language to be non-threatening and ensuring all communications to consumers use appropriate language and tone to encourage customers to initiate early contact when having difficulty paying bills.

6.4.6. At the stakeholder workshop in May, suppliers also commented that they are concerned about rented properties during change of tenancy as there is a risk of consumers walking away from debt and it is essential that suppliers have the means to recover monies owed.

6.4.7. Stakeholders stated that network companies play a role in disconnections, the billing process (with regard accuracy of bills) and other areas. They stated that more work needs to be done with the network companies with regard to clarifying their role in identifying and interacting with vulnerable consumers.

6.4.8. During the workshop some suppliers stated that it is not possible to provide special adaptors as they state that none are currently available on the market. They consider that this is not a reasonable requirement and should be removed from the licence. It was also suggested that reference to meter repositioning should be explicitly the role of the network company.

6.4.9. Stakeholders discussed the proposal to extend emergency credit for customers in extenuating circumstances and suggested further

investigation into this matter.

6.4.10. Some respondents noted that domestic consumers are unclear about the difference between energy suppliers and energy distributors and further information on this would be useful. They also recommended provision of more transparent tariff information but noted that it is not good to overload consumers with too much information.

6.4.11. One respondent noted that many consumers who are sick or elderly do not have internet access and are too often referred to online support mechanisms that are unsuitable for their needs. This issue should also be taken into account when communicating with customers about other issues such as price increases and other changes.

7 Proposed Strategy

7.1. In order to deliver a high standard of consumer protection, we work to ensure a balance of appropriate regulation alongside competition. To achieve this we use a balance of incentives, compliance monitoring, encouragement and enforcement.

7.2. Following analysis of all stakeholder contributions and internal discussions with staff across the UR, reviewing what we have achieved to date and assessing the current economic environment, we identified priorities which led us to develop the following objectives for the Consumer Protection Strategy. These objectives are:

1. A focus on **affordability**.
2. **Equal access** to utility services.
3. **Empowerment** of consumers through education, transparency and responsibility.
4. Providing **leadership** through being a best practice regulator and working with others.

7.3. The strategic objectives we have identified can be achieved both through discrete, non-routine projects which will address specific issues and problems identified in the stakeholder engagement and through our day-to-day regulatory activities.

7.4. We intend to work closely with the Consumer Council to meet our objectives. The Consumer Council has a specific remit in relation to energy and water consumers and provides a valuable contribution to the work we do. We intend to use this contribution to maximise outcomes for consumers.

*A focus on **affordability***

7.5. As a regulator one of our key roles is to protect consumers in relation to price and quality of service as well as supporting efficient investment by energy and water companies. Where competition is not sufficiently developed or effective, we protect consumers by regulation. One method is via price controls which set the amount of money (allowed revenue) that can be earned by companies over a set period of time. Price controls fulfil the role of providing consumer protection where effective competitive markets have not been achieved. Price controls will continue to be a core activity during the period of the Consumer Protection Strategy. Appendix 1 provides a summary of price controls to be undertaken during the period covered by the Strategy.

7.6. We will work with stakeholders on prevention of, and processes for dealing with meter tampering and energy theft. We will work with suppliers to improve communication and engagement with consumers to prevent debt building up. Working with companies on a voluntary basis regarding their responses to consumers in crisis. This could include consumers who have experienced bereavement, diagnosis of a serious illness such as cancer or redundancy. We envisage working with suppliers in relation to developing ideas for new initiatives.

7.7. Key Actions in the delivery of this objective will include:

- Developing a Code of Practice on Energy Theft for suppliers and distributors.
- Working with companies and consumer representatives to encourage improved communications and engagement between consumers and companies to prevent debt accrual.
- Continuing price regulation for the relevant supply and network companies.
- Reviewing arrangements for consumers in crisis.

Equal access to utility services

7.8. We will work to ensure that all domestic consumers have access to the services they need in particular, we will consider the needs of older consumers, consumers with disabilities or chronic illness and consumers in financial difficulty. Other consumers with specific needs may be identified during the consultation process. We intend to review Critical Care and Customer Care Registers, accessibility issues and communication protocols for major incidents.

7.9. Key Actions in the delivery of this objective will include:

- Reviewing Critical Care and Customer Care Registers to ensure they are fit for purpose and being adequately and appropriately promoted.
- Investigating the potential for improved communication and exploration of methods of communication by utilities to consumers in the event of a major incident or other significant supply issue.
- Investigating the potential for improved accessibility of services and adaptors/technologies for customers.
- Working with network companies to identify and implement better engagement opportunities with customers and, if appropriate, improve customer protection measures.

Empowerment through education, transparency and responsibility

7.10. We will work with stakeholders to increase consumer awareness and knowledge in areas identified via the research and engagement process to ensure consumers are more informed and engaged and not disadvantaged through lack of information.

7.11. We will also work with stakeholders to ensure bills and billing information are transparent and easy to understand.

7.12. Key Actions in the delivery of this objective will include:

- Working with stakeholders to increase consumer awareness and knowledge of the switching process in the energy market.
- Ensuring that tariff for domestic electricity and gas consumers are transparent, easy to understand and easy to access.
- Working with suppliers and consumer representatives to ensure bills and billing information are transparent and easy to understand.
- Working with stakeholders to educate tenants, landlords and their representatives on their rights and responsibilities in the energy market.
- Identifying the appropriate approach and options for improving tariff comparison options.
- Working in conjunction with utilities and stakeholders in the development of GSS and OSS for relevant utilities and update/ review of existing GSS policies.
- Developing our website in 2015-16 to ensure that it provides an accessible platform for finding out information about utility services
- Working with stakeholders to educate consumers on their rights and responsibilities in relation to minimum levels of performance.
- Giving consumers clear and easy to understand factsheets about key aspects of utility services.

*Providing **leadership** through being a best practice regulator and working with others*

7.13. We will work with partner organisations to research areas which will ensure our policy-making is evidence based. We will participate in working groups across government and industry to improve understanding of regulation in energy and water and improve relationships across stakeholder groups.

7.14. Key Actions in the delivery of this objective will include:

- Showing leadership to the unregulated energy sector in relation to best practice through implementation and monitoring of Codes of

Practice

- Sponsoring the CERRE Affordability of Utilities' Services project.
- Continuing to work with DSD as part of the Fuel Poverty Partnership.
- Supporting the UKRN affordability project and working with UKCN in relation to competition matters.

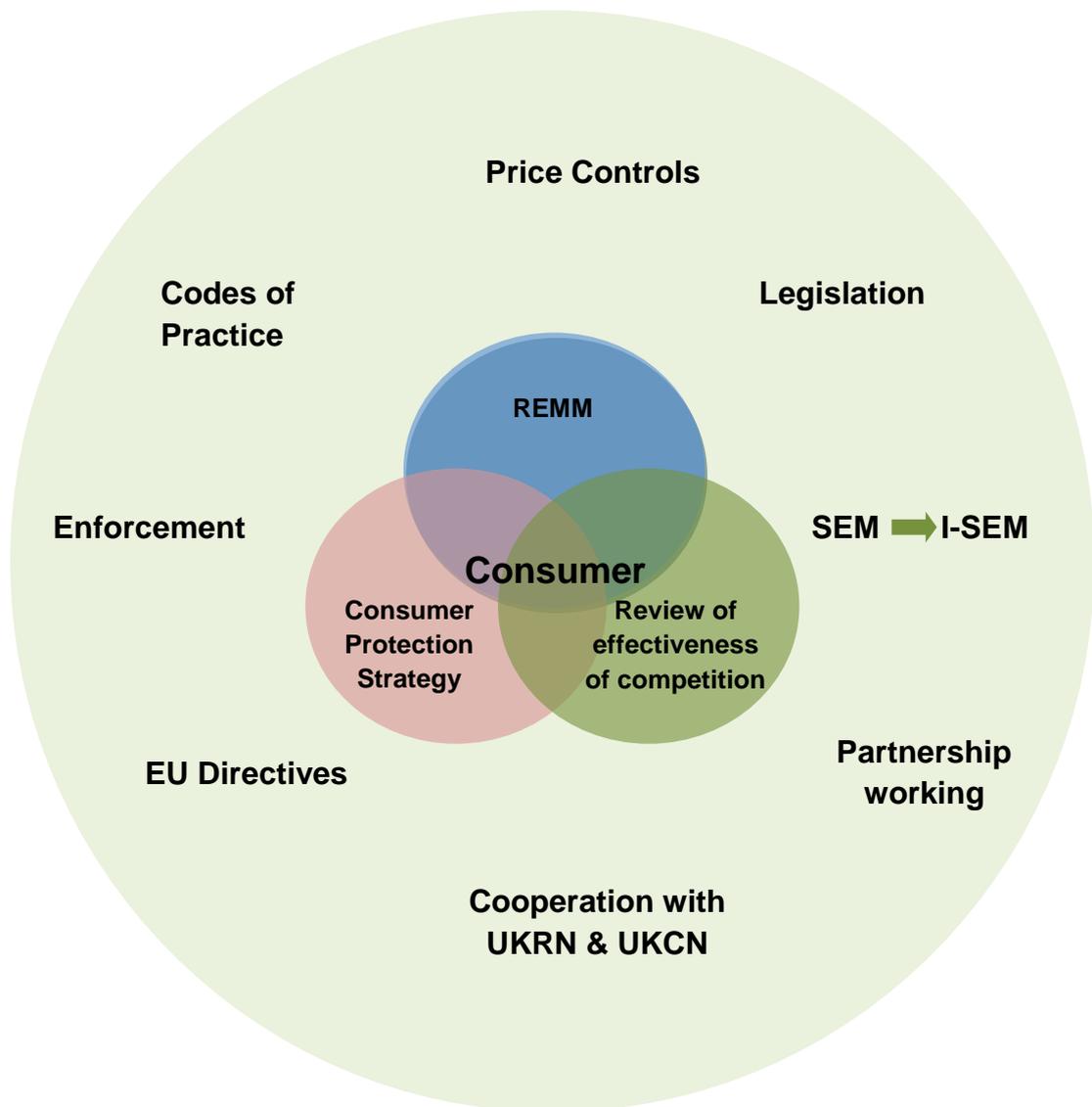
Appendix 2 shows the actions required to meet these objectives and how we will identify when we have achieved the desired outcomes.

8 Conclusion

- 8.1. This Consumer Protection Strategy consultation covers all aspects of our work and is central to our mission statement. It is a flagship element of our Corporate Strategy objective of protecting the long term interests of customers; and it sits in an economic context where consumers are facing increasing difficulties and a higher risk of being in a circumstance in which they could be considered vulnerable.
- 8.2. As part of our day to day work we utilise a range of tools in the pursuit of our objectives. These include price controls, effective market design, licence monitoring and enforcement. This consultation proposes the use of additional tools which focus on showing leadership and engaging with partners and regulated companies in a voluntary cooperative way.
- 8.3. We look forward to working with the Consumer Council, Trading Standard Service and other key partners to ensure that domestic consumers, especially those consumers who are most vulnerable, are protected in their dealings with energy and water companies.
- 8.4. We welcome views on all of the proposals within this consultation. Responses to this paper will be used to identify projects and priorities which will be mapped over a five year period, taking into consideration our resources and commitments in other areas. Therefore we particularly welcome comments which will help to prioritise the proposals in this consultation.

The following graphic illustrates the range of work the UR carries out in order to ensure the effective protection of consumers.

Work of the Utility Regulator



9 Equality Considerations and Next Steps

9.1 Equality Considerations

9.1.1 Section 75 of the Northern Ireland Act 1998

As a public authority, the UR has a number of obligations arising from Section 75 of the Northern Ireland Act 1998. These obligations concern the promotion of equality of opportunity between:

- i. persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- ii. men and women generally;
- iii. persons with disability and persons without; and
- iv. persons with dependants and persons without.

The UR must also have regard to the promotion of good relations between persons of different religious belief, political opinion or racial groups.

9.1.2. In the development of its policies we also have a statutory duty to have due regard to the needs of vulnerable customers i.e. individuals who are disabled or chronically sick, individuals of pensionable age, individuals with low incomes and, for electricity only, individuals residing in rural areas.

9.1.3. In order to assist with equality screening of the proposals contained within this consultation paper, we request that respondents provide any information or evidence in relation to the needs, experiences, issues and priorities for different groups which they feel is relevant to the implementation of any of the proposals. Furthermore, we welcome any comments which respondents might have in relation to the overall equality impact of the proposals.

9.2 Next Steps and How to Respond

9.2.1 Once all the responses to this paper are received and analysed, we will issue a decision paper setting out the Consumer Protection Strategy alongside the projects to be undertaken and their proposed timeframe. The projects will be prioritised for scheduling over the five year duration of the Strategy while considering our resources and other commitments.

9.2.2 We welcome industry and other stakeholder views and comments on all the proposals set out in this consultation paper. Your response will be most useful if it is framed in direct response to the questions posed in chapter 10, though further relevant comments and evidence received will also be welcome.

9.2.3 In order to encourage and facilitate full stakeholder engagement in this consultation process, we will hold a workshop during the consultation period. Both industry representatives and stakeholders from consumer and community and voluntary organisations will be invited to attend in order to discuss the proposed Consumer Protection Strategy and encourage debate on the development of the Strategy and potential areas of work and projects. A provisional date of **Wednesday 13th May 2015** has been set for this workshop and details will be available on our website in due course.

The consultation period will close at **3pm on Friday 12th June 2015**

Responses to this consultation should be forwarded to reach the Utility Regulator on or before **3pm Friday 12th June 2015** to:

Sinead Dynan
The Utility Regulator
Queens House
14 Queen Street
Belfast
BT1 6ED

Email: Sinead.dynan@uregni.gov.uk

- 9.2.4 Your response to this consultation may be made public by the UR. If you do not wish your response or name made public, please state this clearly by marking the response as confidential. Any confidentiality disclaimer that is automatically produced by an organisation's IT system or is included as a general statement in your fax or coversheet will be taken to apply only to information in your response for which confidentiality has been specifically requested.
- 9.2.5 Information provided in response to this consultation, including personal information may be subject to publication or disclosure in accordance with the access to information regimes; these are primarily the Freedom of Information Act 2000 (FOIA) and the Data Protection Act 1998 (DPA). If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things with obligations of confidence.
- 9.2.6 In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Authority.

This document is available in accessible formats. Please contact:
Sinead Dynan (Sinead.dynan@uregni.gov.uk).

10 Consultation Questions

- 1. Do you agree with the four strategic objectives in the Consumer Protection Strategy?**
- 2. Are there any additional objectives which should be included in the Strategy?**
- 3. Do you agree that the activities and outputs identified under each of the objectives are the right ones?**
- 4. Are there any additional projects or areas of work which should be included in the Strategy?**
- 5. What do you think should be the top three priority projects for the Consumer Protection Strategy? (Please also provide supporting reasons).**
- 6. Is there anything else you would like to add in relation to the Consumer Protection Strategy?**
- 7. Do you agree that where this consultation has an impact on the groups listed above, those impacts are likely to be positive in relation to equality of opportunity for energy and water consumers?**
- 8. Do you consider that the proposals need to be refined in any way to meet the equality provisions? If so, why and how? Please provide supporting information and evidence.**

Appendix 1 – Price Controls 2015/16 – 2019/20

Company	Price Control Period	
NIE Transmission & Distribution	October 2017 – 2022	
NI Water	April 2015 – 2021	
Firmus Energy Distribution	January 2017 – 2022	} GD 17
Scotia Gas Networks (Gas to the West)	January 2017 – 2022	
PNG Limited Distribution	January 2017 – 2022	
SONI	October 2015 – 2018	
SEMO	October 2013 – 2016	
BGE	October 2017 – 2022	
SSE Airtricity Gas Supply	January 2017 – TBC	
Power NI	April 2017 – TBC	
Firmus Energy Supply	January 2017 – TBC	
Power Procurement Business	April 2015 – 2018	

Appendix 2 – Proposed Actions and Outcomes

Objective 1: FOCUS ON AFFORDABILITY	
We will meet this objective by:	<ul style="list-style-type: none"> • Working with suppliers and consumer representatives to ensure bills and billing information are transparent and easy to understand. • Developing a Code of Practice on Energy Theft for suppliers and distributors. • Working with companies and consumer representatives to encourage improved communications and engagement between consumers and companies to prevent debt accrual. • Reviewing arrangements for consumers in crisis
We will have achieved our objective when:	<ul style="list-style-type: none"> • Billing Code of Practice for suppliers has been developed and is in place. • A Code of Practice on Energy Theft is in place and consumers understand their responsibilities with regard to meter tampering and energy theft and the options available to them if they are having difficulty paying their bills. • Suppliers have reviewed their communications with consumers to ensure that consumers can approach suppliers when they are having difficulties paying their bills and are not discouraged as a result of aggressive or intimidating correspondence. • Voluntary arrangements for helping consumers in crisis are in place
Objective 2: EQUAL ACCESS TO UTILITY SERVICES	
We will meet this objective by:	<ul style="list-style-type: none"> • Reviewing Critical Care and Customer Care Registers to ensure they are fit for purpose and being adequately and appropriately promoted. • Exploring the potential for improved communication and exploration of methods of communication by utilities to consumers in the event of a major incident or other significant supply issue. • Examine the potential for improved accessibility of services and adaptors/technologies for customers. • Working with network companies to identify and implement better engagement opportunities with customers and, if appropriate, improve customer protection measures.
We will have achieved our objective when:	<ul style="list-style-type: none"> • All customer care registers are deemed up to date and fit for purpose and there is an increase in numbers of customers on the registers. • There is equal access for all customers for all services. • Customers are aware of how to obtain relevant and up-to-date information during a major incident and any required action. • Network companies develop and promote consumer protection policies.

Objective 3: EMPOWERMENT THROUGH EDUCATION, TRANSPARENCY & RESPONSIBILITY

We will meet this objective by:

- Working with stakeholders to increase consumer awareness and knowledge of the switching process in the energy market.
- Working with stakeholders to educate tenants, landlords and their representatives on their rights and responsibilities in the energy market.
- Identifying the appropriate approach and options for improving tariff comparison options.
- Ensuring that tariffs for domestic electricity and gas consumers are transparent, easy to understand and easy to access.
- Working in conjunction with utilities and stakeholders in the development of GSS and OSS for relevant utilities and update/ review of existing GSS policies.
- Working with stakeholders to educate consumers on their rights and responsibilities in relation to minimum levels of performance.

We will have achieved our objective when:

- There is increased switching in the retail electricity and gas markets
- There is increased communication between tenants and their suppliers to prevent new tenants taking on someone else's debt, and there is an increase in switching among tenants.
- Accurate, easy to access, tariff comparison tools are in place for domestic electricity and gas customers.
- Consumers are provided with appropriate information to understand tariffs allowing them to be more confident participants in the retail market.
- Consumers can expect a minimum level of service from utility companies and are aware of the levels of compensation they may be entitled to in the event of a relevant utility's performance falling below minimum levels of service.

Objective 4: PROVIDING LEADERSHIP THROUGH BEST PRACTICE REGULATION

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| We will meet this objective by: | <ul style="list-style-type: none">• Showing leadership to the unregulated energy sector in relation to best practice through implementation and monitoring of Codes of Practice• Sponsoring the CERRE Affordability of Utilities' Services project• Continuing to work with DSD as part of the Fuel Poverty Partnership• Supporting the UKRN affordability project and working with UKCN in relation to competition matters. |
| We will have achieved our objective when: | <ul style="list-style-type: none">• Up-to-date and NI relevant information is available to guide future policy development in affordability and consumer protection.• Our best practice regulation approach encourages innovation and high standards of consumer protection in other energy sectors. |