



Action for Warm Homes

**National Energy Action Northern Ireland's
response to the Utility Regulator's Northern
Ireland Electricity Networks Ltd Transmission &
Distribution 6th Price Control (RP6) Draft
Determination**

May 2017

About NEA

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

NEA seeks to meet these aims through a wide range of activities including policy analysis and development to inform our campaigning work, rational and constructive dialogue with decision-makers including regulatory and consumer protection bodies, relevant Government Departments, the energy industry, local and national government and develops practical initiatives to test and demonstrate the type of energy efficiency programmes required to deliver affordable warmth. NEA's educational and training initiatives have recently won the National Ashden Award which recognised the importance of improved knowledge and understanding of domestic energy efficiency among consumers and communities and their work to up skill the workforce across the energy industry.

The latest Northern Ireland House Condition Survey showed that in 2011, 42% of all households in Northern Ireland were in fuel poverty. This is one of the highest rates in Northern Europe and is significantly higher than England, Scotland and Wales. We therefore welcome the opportunity to respond to this Draft Determination.

NIE Networks contribution to the final electricity bill is 21%, it is therefore vital that customers can be assured that all the costs making up this aspect of the bill are required to ensure that Northern Ireland can invest the minimum necessary to allow it to remain compliant with legislative and license obligations, and to provide a reliable and quality service to customers in Northern Ireland.

We commend NIE Networks for THEIR robust and systematic approach to engaging with customers and key stakeholders throughout this process. We look forward to ongoing engagement with NIE Networks throughout the 6 ½ years of RP6.

We also acknowledge the work of the Northern Ireland Utility Regulator (UR) throughout this process in fulfilling its role for regulating the electricity industry in Northern Ireland while promoting the short and long term interests of customers, including having due regard to

protecting the vulnerable. We believe that electricity customers in future generations should benefit from progress within this 2017-2024 period, this should be given a place within the overall context of this economic process and as such the Innovation Integration Projects could help with this. We also believe that due regard should be given to rurality and vulnerability and while this may not stack up economically, they still should be given consideration given the society we wish to live in – one that provides a secure, sustainable and affordable electricity supply for all the people of Northern Ireland.

As noted above, the latest Northern Ireland House Condition Survey, while carried out in 2011, indicated that 42% of all households in Northern Ireland were in fuel poverty. 44% of these households are living in rural area. This by far outstrips the rest of the UK and the size and scale of the problem here makes it one of the biggest issues facing our society today. We therefore welcome the downward pressure on costs that the Draft Determination can bring about and we thank you for the opportunity to make specific comments which we hope will further inform the process.

In relation to the big numbers we welcome the adjustment to the WACC which makes up the biggest proportion of the price differential between the RP6 Business Plan and the Draft Determination.

We welcome the introduction of new Outputs and KPIs; however, we have concerns around the service to Worst Served Customers (WSC). While we recognise that PwC's cost benefit analysis, carried out on behalf of NIE Networks, on investment to mitigate severe weather economics did not pass the economic test, we believe that there may be unquantified benefits or wider societal issues which should be considered within this area of this optional investment. This does pose a particular dilemma in that, despite the fact that we want to drive down costs, we believe that within this context we need to protect the vulnerable. We therefore call on the UR and NIE Networks to give consideration to more focused work carried out with the rural community on this issue. Could there be some innovation and specific pilot work carried out here to mitigate the problem? Have other issues been considered such as the concept of rural-proofing aspects of public policy?

We welcome the Substitution Mechanism as this seems to be a sensible approach which will ensure that NIE Networks could consider new investment options and innovations within the period of the RP6.

While we note that energy efficiency has been mentioned in NIE Networks Business Plan, it is within the context of moving towards a low carbon society and the anticipated uptake of Low Carbon Technologies such as heat pumps, electric vehicles and solar PV. This anticipated uptake needs to happen for all households including the fuel poor who will require Government subventions if they are to avail of such technologies. Additionally, we believe that an opportunity is being missed to raise awareness of the wider benefits that domestic energy efficiency can bring to demand side management.

Once again we thank you for the opportunity to respond to this Draft Determination. We look forward to continuing to work with the UR and with NIE Networks, including in their planned customer engagement process.

**Response submitted on behalf
of NEA NI by:**

Ms Pat Austin

Director

National Energy Action NI

66 Upper Church Lane

Belfast, BT1 4QL