



*Action for Warm Homes*  
Northern Ireland

**National Energy Action NI**  
**Response to**  
NIE Networks Consultation on  
RP7 Price Control

November 2022



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## About NEA

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

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

NEA is primarily concerned with energy policy whilst maintaining a watching brief on social justice policies including income inequalities and levels of poverty in Northern Ireland.

Protecting vulnerable consumers is our key aim so we work both reactively and proactively to ensure policy makers and regulators recognise the needs of the vulnerable in its widest sense. With tighter household budgets it is more important than ever that consumers are getting the best deal. Paying for domestic energy makes up a substantial portion of total household expenditure, so it is of specific concern to us but is often relegated in the ever-busy policy environment.

## Background

Unfortunately, many households in Northern Ireland face the prospects of cold homes, especially during the winter months. Based on the 2016 House Condition Survey<sup>1</sup>, Northern Ireland has an official fuel poverty rate of 22%. However, in June 2022 NEA working in partnership with market research company LucidTalk, undertook an NI wide representative survey to assess the impact of rising energy prices and the cost-of-living crisis on households<sup>2</sup>. The findings of this study are stark with 45% of households spending more than 10% of their income on energy costs. 80% of respondents have had to reduce their use of central heating and 1 in 10 have had to reduce the amount of food consumed or skip meals altogether to afford rising costs.

Energy prices underwent an unprecedented rise during 2021, and look set to remain high for at least another 18 months. We know that Northern Ireland continues to have amongst the lowest levels of household income across the UK and the highest weekly household expenditure on energy of any UK region. Taken in conjunction with challenging economic conditions as well as the ongoing global pandemic, many families continue to face challenges with meeting their energy costs.

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<sup>1</sup> Northern Ireland Housing Executive (2016) House condition survey: <https://www.nihe.gov.uk/Documents/Research/HCS-2016-Main-Reports/HCS-Main-Report-2016.aspx>

<sup>2</sup> Taken from NI wide representative polling in partnership with Lucidtalk to assess the impact of ongoing energy price rises in Northern Ireland: <https://www.nea.org.uk/publications/lucidtalk-nea-ni-ni-wide-omnibus-poll-project/>



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Unfortunately, this means that many households in Northern Ireland face the prospects of living in cold homes for long periods of time, especially during the winter months. Homes play a crucial role in ensuring the health and well-being of individuals and households, and NEA believe that everyone in Northern Ireland should be entitled to live in a warm, safe, and healthy home.

We know that the cold kills. The Northern Ireland Statistics and Research Agency (NISRA) estimate that the Excess Winter Deaths (EWD) figure for 2020/21 was approximately 1,120<sup>3</sup>. The same report details that there were 6,340 deaths in Northern Ireland in the winter period of 2020/21, which is the second highest number of winter deaths in the last 10 years.

Studies show there is a relationship between EWDs, low thermal efficiency of housing and low indoor temperatures<sup>4</sup>. EWDs are almost three times higher in the coldest quarter of housing than in the warmest quarter. We know that deaths from cardiovascular diseases are directly linked to exposure to excessively low indoor temperatures for long periods of time. This is because temperatures below 12 degrees Celsius result in raised blood pressure<sup>5</sup>. There is increasing evidence to show that children living in cold homes are more than twice as likely to suffer from a variety of respiratory problems than children living in warm homes. Exposure to cold increases the level of minor illnesses such as colds and flus and exacerbates existing conditions such as arthritis and rheumatism<sup>6</sup>. To put it simply, we know warm homes are vital for ensuring good health and wellbeing.

## Response

We welcome the opportunity to respond to the consultation on NIE Networks RP7 Price Control.

In responding to this consultation it is important that we reflect on the context of the past 18 months which have been some of the most difficult for energy consumers and in particular, vulnerable households, who have been faced with soaring prices and little in the way of government support when compared to other regions of the UK. The increase in energy bills along with rising food prices and high levels of inflation have deepened the levels of hardship facing many households in NI and have pushed many more people into fuel poverty. In June 2022 research carried out by NEA and LucidTalk found that 45% of NI households were spending more than 10% of their income on energy and are therefore living in fuel poverty. Along with this there has been a rise in dangerous 'coping' mechanisms as households look to manage rising costs on ever tightening budgets. 80% of NI homes have admitted to rationing the use of their central heating in an effort to reduce costs, and 1 in 10 households admitted to skipping meals in order to ensure they had enough money to pay for their energy. These behaviours put the households at significant increased risk of detrimental impacts on their health and wellbeing.

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<sup>3</sup> Northern Ireland Statistics and Research Agency (NISRA), Excess Winter Mortality NI Report 2020-21. Accessed online: [https://www.nisra.gov.uk/system/files/statistics/Excess%20Winter%20Mortality%20Report%202020\\_21.pdf](https://www.nisra.gov.uk/system/files/statistics/Excess%20Winter%20Mortality%20Report%202020_21.pdf)

<sup>4</sup> Marmot Review Team (2011), The Health Impacts of Cold Homes and Fuel Poverty

<sup>5</sup> Department of Trade and Industry (2001), The UK Fuel Poverty Strategy. London: DTI.

<sup>6</sup> El-Ansari W and El-Silimy S (2008) Are fuel poverty reduction schemes associated with decreased excess winter mortality in elders? A case study from London, UK. *Chronic Illness*, 4(4), pp.289–294.

NEA NI have experienced the human impact of this crisis first hand through our 'Warm and Well' project and our discretionary support fund, which have been called upon to provide crisis intervention to more than double the number of households we would support in a normal winter period. The pressure facing our communities must not be underestimated. Without a real and concerted effort from all stakeholders in the Northern Ireland energy system these problems will only continue to mount up, and it will be vulnerable members of our society that are impacted the most.

As a regulated company, NIEN ultimately serves to provide an essential service to consumers in Northern Ireland. As such NEA firmly believe that the interest of the consumer must but at the heart of the RP7 Price Control and any policy or funding decisions it is to inform. This must include actions taken by NIEN in the short term as part of a sectoral wide response to the Energy Crisis. NIEN are uniquely placed to play a leading role in the crisis due to the relationship between the meter box, the household, and the consumer. We recognise that to date NIEN has taken an active role in embracing this responsibility and commend the organisation for doing so. It is important that this continues and that all those involved in the rollout of the Energy Price Guarantee and the Energy Bill Support Scheme continue to work at pace to ensure support packages reach the most vulnerable ahead of the coming winter.

Equally NIEN will have an important role to play when it comes to ensuring that vulnerable consumers are both protected and empowered during the journey towards a Net Zero energy system in Northern Ireland. We know that energy policy in Northern Ireland is set to embark on the most dramatic period of change in Northern Ireland's history. Whilst this change will bring many opportunities for energy consumers including; access to clean fuels, the role out of new home heating technologies and improvements to the existing energy infrastructure; it also presents a number of challenges and risks for which consumers will need support to overcome. We believe NIEN can play an important role by ensuring that their policy decisions are based on long term sustainability which will protect consumers during the energy transition.

NEA have welcomed the progress made by the Utility Regulator (UR) in bringing forward their Consumer Protection Programme and strongly encourage all network operators and energy suppliers to embrace the best practice framework within their business models. As such we welcome RP7s commitment to the programme and indeed NIEN's commitments to protecting the consumer. The three key themes identified within the consumer strand of R7 (Protecting Vulnerable customers, Digitalisation, and Enabling customer to become more active in their energy use) – are both sensible and pragmatic and we believe they form the bases of an approach that NEA are happy to support.

Below we answer some of the questions outlined in the consultation in further detail.

**Q1. Do you think we are taking the right approach to and have the right strategy for RP7. All thoughts and comments are welcome.**

As a fuel poverty charity, we wish only to comment in reference to the aspects of RP7 which we believe will impact upon vulnerable consumers and those households who are at risk of fuel poverty. As outlined above we welcome the commitments RP7 makes in relation to customer measures. Ensuring the delivery of meaningful and tangible outcomes and improvements for customers which will deliver the requirements of the Utility Regulator's Consumer Protection Programme and Best Practice Framework will be hugely important both in terms of supporting customers during the immediate crisis, and in terms of ensuring a fair and just transition to net zero.

NEA believe the Consumer Protection Programme could have a transformational impact in terms of consumer care and support. We hope that RP7 will enable NIEN to wholly embrace the programme and together we can ensure all vulnerable consumers in Northern Ireland are adequately supported.

NEA also agree with the important areas of reform outside of RP7 that have been identified by NIEN. In particular we believe ensuring the rollout of SMART Metering should be seen as a priority. SMART Meters have been shown to make a positive impact for fuel poor homes in the UK and it is an area in which Northern Ireland has been caught lagging. SMART Meters are a useful and important tool for encouraging consumers to adopt behavioural change. Studies from the UK found that 44% of consumers had reduced energy bills following the installation of a SMART Meter in their home, and 43% were more likely to turn down the heating or switch off their lights.

NEA would also like to see consideration given to the development of social tariffs for low income and fuel poor households to help make energy more affordable for a discrete and well-defined set of energy customers. In the 2000s, the UK Government and Ofgem introduced voluntary social tariffs in the energy sector as a form of 'social price support' for vulnerable consumers. This represented an attempt by Government to protect the poorest consumers from fuel price rises without the need to interfere in the market or invest excessive amounts of public money. Whilst we recognise this is an area of work to be led by the Department for Economy and the Utility Regulator, we believe NIEN have an important role to play in this area in terms of informing policy development and in the identification of eligible households.

NEA would also like to see further efforts to obtain more detailed information and data around vulnerable consumers use of pre-payment meters (PPM) and the levels of self-disconnection in Northern Ireland. With currently 45% PPM customers in the electricity market, we believe there is a need for further exploration into the range of aspects of coping with a PPM. We still don't have enough information to adequately assess the degree of self-disconnection, rationing, consumer behaviour, accessibility, ease of use, PayPoint issues and many other aspects. NIEN is uniquely placed to support

the development of work in this area. From our experience, it is clear that a significant number of PPM customers don't have a direct relationship with their energy supplier but rather their meter device. This means NIEN could be best place to lead on identification and engagement when it comes to supporting these consumers.

**Q3. Do you agree with the mobilisation of an NIE Networks Local Area Energy Planning team to support wider stakeholders including local authorities and councils in their journey to net zero? If so what type of support should the team provide?**

Yes - As we progress towards a decarbonised energy system it is anticipated that we will see an increasing number of smaller scale local forms of energy generation, district heat networks, renewable energy technologies of all scales, and the uptake of emerging technologies such as heat pumps and electric cars in homes. Each of these innovations in our energy system will bring a number of new challenges for local authorities, communities and householders to navigate. Ensuring that NIE Networks can offer dedicated support will be an important part of the energy transition, particularly at local community level, where upskilling and education will be very important.

Support should include but not be limited to; technical advice on the installation of emerging technologies, practical advice on the operation of new home technologies (including SMART Meters) and clarity of communication to ensure all stakeholder are aware of the impacts and changes needed to the energy system, including on energy bills and pricing.

**Q19. Do you think we should seek allowances through the RP7 price control to spend on direct measures or initiatives to help those customers who are worst impacted by the energy crisis? For example, we could seek funding to provide solar panels for such customers. If you do think we should consider initiatives such as this, how ambitious should we be?**

In principle NEA would support NIEN seeking allowances through the RP7 price control to spend on direct measure or initiatives for those customers who are the worst impacted by the current crisis. The scale of the current crisis can not be underestimated. We know that 45% of NI households are now living in Fuel Poverty and in June 28% of households needed to spend more than 1/5 of their total household income on fuel. There is a clear need for further targeted supported and we believe all energy suppliers and network operators have a moral obligation to play their part.

However, we must also recognise that the options outlined in the framework will require significant investment if they are to be realised. Whilst we would welcome investment within the energy sector, we know that the public will have to make a big contribution to these costs, likely through higher bills or general taxation. Any additional cost to household energy runs the risk of pushing vulnerable households into fuel poverty and worsening the conditions for those already impacted.



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Policy costs faced by domestic consumers and how these costs are subsequently recovered via bills has a big impact on fairness<sup>7</sup>. Many consumers face stark challenges in paying for policy costs as they are usually recovered per unit of energy. This is particularly acute for pre-payment customers as these charges must be paid for upfront before these households can access any units of energy. In addition, VAT is often recovered on the whole energy bill, including the proportion of the bill which pays for policy costs.

Therefore, it is important that any direct measures that are allocated as a result of RP7 are appropriately target to those customers most in need. NEA would encourage NIEN to embrace the ethos of 'Help the Worst impacted First' and 'No postcode lotteries' when designing interventions. We would be happy to lend our expertise in this area or contribute in any other ways that could support these processes.

**Q21. Do you think a 'low regrets' type of approach should be considered for metering in RP7?**

As mentioned above NEA believe that the rollout of SMART Metering should be seen as a priority. There is sufficient evidence available to allow us to assess the benefits SMART Meters can have for fuel poor homes, and it is clear that they can offer customers a useful tool to help them manage their energy use more effectively. Studies from the UK have found that 44% of consumers had reduced energy bills following the installation of a smart meter in their home, and 43% were more likely to turn down the heating or switch off their lights. We believe potential benefits that can be gained through SMART meters means that there is a good case for a 'low regrets' approach when it comes to the replacement of older model meters at the end of their life.

NEA have long held the belief that Energy Efficiency should be considered as the 'first fuel'. We know that energy efficiency improvements offer a tried and tested cost-effective approach to alleviating the hardships on fuel poor households, whilst contributing to reducing household carbon emission. Improving energy efficiency of homes is the most cost-effective means of addressing the current energy crisis and futureproof our energy system against the shocks that be caused by global markets. Increasing public investment on energy efficiency has the potential to unlock a number of wider social and economic benefits.

It is estimated that poor insulation means around £1 in every £4 currently spent heating UK homes is wasted. The Home Energy Conservation Authority (HECA) annual report shows a current annual investment of £21million on energy efficiency in Northern Ireland. To align with 2050 net zero commitments, it is estimated that policies would need to drive an annual peak of retrofits for over 50,000 buildings within the next decade. By comparison, current energy efficiency programmes in NI

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<sup>7</sup> John Barrett, Peter Taylor and Anne Owen (2018) *Funding a Low Carbon Energy System: a fairer approach?*

deliver measures for approximately 16,500 buildings per year, indicating that a doubling or trebling is needed.

**Q22. With regards to meeting the needs of our customers –**

- **Are there any Customer Measures or Commitments that we might have missed, and if so, what else would you like us to consider and why?**

It is that important that the customer measures or commitments are clearly communicated once the final determination for RP7 is confirmed so that customers are aware of what they are entitled to. Part of this will include ensuring that those households not connected to the digital sphere are not excluded. This means all advice and information must be equally accessible to vulnerable households or individuals that aren't online or able to access the internet and other apps.

- **Are there any specific customer metrics that NIE Networks should be measuring performance against on during RP7?**

NEA would encourage NIE to explore how they could measure and monitor consumer behaviours that might help in the identification of households who have 'self-disconnected' or be able to flag households who are rationing energy at a dangerous level. This would go a long way in helping energy suppliers target their support to the most vulnerable.

- **Do you consider that a Customer Satisfaction Incentive metric should be introduced to drive improvements in customer service in RP7?**

NEA believe that all electricity consumers in Northern Ireland should be entitled to a secure, efficient, and affordable energy service with no outages. This is particularly important in the case of vulnerable consumers who rely on energy to operate medical equipment in their homes or have other requirements which mean they are highly dependent on security of energy supply. We also believe there should be appropriate compensation for consumers who experience an unreliable system or periods of outage.

We would encourage NIE through the RP7 to put in place measures to monitor the efficiency and security of supply in the energy system.

- **Are there any gaps/areas that you feel are missing from the plan?**

Given the severity of the energy and cost-of-living crisis, NEA believe that there would be value in ensuring that relevant customer facing staff within NIEN are sufficiently trained in the identification of vulnerable consumers and how to support them. This could include training in Energy Efficiency, Fuel Poverty, and identifying and supporting vulnerable consumers. We feel that this might be an area where NEA can best lend our expertise as one of the leading providers of domestic energy and





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fuel poverty training for over 30 years. We can offer both face to face and online tuition to enhance the quality of energy advice services nationwide.

Our suite of training products are quality assured to BSI ISO:9001 and provide participants with an excellent opportunity to develop skills in understanding the issues which might impact on vulnerable, low income and fuel poor households, how to identify people who might need support, and critically how to deliver good quality, accurate advice around domestic energy and fuel debt either in the home, by phone or online.

We thank you for the opportunity to respond to you with these comments. NEA value the strong working relationship we have developed with NIE and we look forward to continuing to work together in the coming years as we strive to eradicate fuel poverty in Northern Ireland.

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