



# **National Energy Action NI**

Response to the

Utility Regulator's

Consumer Protection Programme

2024-29 Consultation

**January 2024**



## About Us

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 NI.

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.

NEA's policy priorities naturally evolve in response to wider government policy and the reality of fuel poverty within households but there are four key areas in NI that NEA have long been calling for. These are as follows:

- The introduction of a statutory fuel poverty target (NI is the only region of the UK without one);
- The development and implementation of a new Fuel Poverty Strategy for NI (the last one is from 2011 and is no longer fit for purpose);
- The introduction of minimum energy efficiency standards, especially within the private rented sector;
- Ongoing financial support for low income and vulnerable households in NI. This includes both short term measures to boost incomes in response to the ongoing cost of living crisis, but also a longer-term commitment to invest in energy efficiency measures in homes in NI as part of the just transition to net zero.

To support these key ask and seeking to get a better understanding of the real impacts of rising energy prices on NI households, NEA NI undertook an [NI-wide representative survey](#) in September 2023. The findings of this study were stark, with the results showing that at least 40% of households were spending more than 10% of their total household income on their energy costs.



The study also found that soaring energy prices have led to a rise in dangerous 'coping' mechanisms, as households look to manage rising costs on ever tightening budgets. When asked about how they were changing their behaviours in response to rising energy costs, 80% of households admitted to rationing the use of their central heating in an effort to reduce costs.

More worryingly, 1 in 10 households admitted to skipping meals in order to ensure they had enough money to pay for their energy. This means that choosing between heating and eating is very much a reality for around 100,000 homes across NI.

These 'coping' behaviours can put households at an increased risk of experiencing detrimental impacts to their health and wellbeing. These impacts are already being felt by many; 29% of respondents to NEA NI's survey stated that they had experienced a direct negative impact on their health and 75% of respondents admitted to being 'stressed, anxious or worried' about how they would be able to cover the cost of their energy bills during the winter. Households across the region are worried about how they will be able to keep their homes warm and safe.

To reiterate, energy prices underwent an unprecedented rise during 2021/22, and consumer bills remain challengingly high in 2023/24. NI 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 the challenging economic conditions of rising inflation rates and the high cost of essentials, including food prices, many families continue to face challenges with meeting their energy costs.



## Response

- 1. Do you agree with the three themes that have been identified for Consumer Protection Programme (CPP) 2024–2029? Please provide any additional information to support your view.**

NEA agree with the three themes identified for CPP 2024–2029. We believe that they are sufficiently broad to incorporate the previous objectives. The loss of the specific theme 'Affordability' can seem to dilute this objective and whilst we understand that it forms a part of the new themes, we would like to see it brought out more front and centre within the new themes.

We concur that this CPP will play a pivotal role in ensuring consumers are protected and agree that it is one of the principal vehicles to deliver that outcome.

We also agree with the need to incorporate the profound importance of 'Just Transition in the path to Net Zero' and the fundamental need to ensure that no one is left behind on this journey. Again this point underlines the importance of highlighting and tackling both affordability and vulnerability in any new CPP going forward.

The paper also underlines this point through the results of the excellent Domestic Consumer Insight Tracker research, which also highlights the substantial increase in the amount that consumers in NI were spending on energy and the increase in those struggling to pay. This research also resonates with our LucidTalk Research which we have linked above.

- 2. Do you agree that a 5-year CPP with a mid-term review after 3 years is a suitable duration and approach? Please provide your rationale.**

We agree with the proposed approach. The UR engages closely with NEA and other consumer organisations, and we are confident that we will be consulted and brought along the journey of the project plan and the reviewing of same. We would also like to see ambitious projects and targets with transparency and timely reporting.

We welcome the mid-term review which we believe gives pause to reflect and refine the programme going forward. As with all things experienced in recent years, the UR will also be required to be fleet of foot and react and respond at times on an ad hoc basis dependent on need.

We would like to see a clear timeline on projects and how these dovetail with the implementation of other aspects of UR's work stream, such as the Best Practice Framework (BPF) which will have overlapping and interlocking aspects.



**3. In relation to 'Theme 1: Research and Leadership':**

- a. Do you agree with the proposed areas of work and projects identified under this theme? Please provide any additional information to support your view, including any additional areas or projects that you feel should be of focus.**
- b. Are there any projects that require prioritising within years one to three of the CPP? Please provide your rationale as to why.**

We agree with the need for a sound evidence base to design and develop consumer protections. The evidence base suggested by the UR is extremely important and the ability to compare and contrast the Domestic Insight Tracker over years on an ongoing basis is a valuable tool.

We also call on the UR to continue to work closely with other research productions to enrich your current findings. Most importantly we urge the UR to capitalise on its key partnership working with other organisations including NEA who are in homes day and daily and can see the real and immediate affect that increasing costs and cost of living pressures are having on people and families.

We are encouraged to see the private rented sector highlighted for attention and in the light of the importance of this work we would like to see this advanced at pace alongside work with prepayment meters and all things affecting those households across all tenures.

We see this work as key to assisting households make well informed decisions and help build trust at a time when energy markets are becoming more and more confusing.

We believe it is also necessary to see a more descriptive piece on how the UR will demonstrate leadership in this area.

**4. In relation to 'Theme 2: Enablement':**

- a. Do you agree with the proposed areas of work and projects identified under this theme? Please provide any additional information to support your view, including any additional areas or projects that you feel should be of focus.**
- b. Are there any projects that require prioritising within years one to three of the CPP? Please provide your rationale as to why.**

We support this theme and the projects identified. It is particularly important to ensure that the consumer experience is good and that we can foster trust. Helping consumers make the best choice about their gas and electricity supplier tariff and enabling them to interact with net zero focused technology is paramount to that end.

Helping consumers interact with energy bills will also be a beneficial project and consumers and consumer organisations should play a key partnership role in helping bring this about.



**5. In relation to 'Theme 3: Protection':**

- a. Do you agree with the proposed areas of work and projects identified under this theme? Please provide any additional information to support your view, including any additional areas or projects that you feel should be of focus.**
- b. Are there any projects that require prioritising within years one to three of the CPP? Please provide your rationale as to why.**

We agree with the areas of work outlined and the proposal to split price and non-price protection. The underpinning of the principle for fair and responsible treatment especially for vulnerability is also welcome.

This is where we see the area of affordability most prominent, and we wish to ensure that this remains one of the most important areas of the CPP. Fuel Poverty levels continue to soar, and we need to use every lever possible to tackle the issue. As such we would like to see a number of areas incorporated within this theme.

The role of Social Tariffs has now become a key area which we believe needs to be adopted to help alleviate fuel poverty and achieve affordability. This debate is growing across the UK, and we believe that the UR should show leadership and expertise in this area by supporting the development of the broader debate and helping NI build the evidence and develop the operational models to introduce a Social Tariff. NEA has been involved in this work from a GB perspective and would welcome progress with UR in the area.

Debt and self-disconnection also remain stubbornly high, and the prevalence of prepayment meters in NI means that debt in energy doesn't particularly manifest in household bills but is transferred to credit cards and detriment in other areas. This can mean that Suppliers do not need to deal with debt issues to the same extent as GB counterparts, nonetheless our vulnerable householders often sit in the cold and dark due to the inability to feed the prepayment meter. This issue needs to be addressed and mitigations to ameliorate the issue needs to be addressed by Suppliers. These remedies should also be open, transparent and measurable.

We welcome the work on the single Customer Care Register and as a member of the CPAG will continue to help support this about and improve awareness of the register and protections that are included.

We note the importance of the report on a Vulnerability Strategy from Suppliers. A good initiative but we would have liked to have seen a Vulnerability Champion at Board level and still believe that this should be highlighted as best practice for Suppliers.

The Consumer Charter is also welcome and has incorporated many of the actions which NEA highlighted as necessary back in November 2022. We believe this could be built upon, but it is a good start.



We welcome the work on price controls and service standards and ask the UR to be ambitious in pushing for the best in class in these areas.

We welcome the strengthening of protections for those who have been recently bereaved. These protections should be also transferred across other areas within the organisations.

Reviewing of the CoP is also very important; however the CoP's will only serve their purposes fully when individuals and consumer organisations are aware of them. We would like to see leadership in this area from the UR and a communication plan on how awareness of these CoP's are improved upon and indeed measurement of use.

Other areas which need to be examined are around regulation and how many days the NI consumer gets warning for planned price increases. We believe an extension to the 21 day's notice should be increased to help households manage budgets.

Other areas which manifested during the Pandemic around call handling, responding to consumers and 'cashing out' all require attention within the CPP.

- 6. Do you agree that where this document has an impact on the groups listed, those impacts are likely to be positive in relation to equality of opportunity for utility consumers?**

We agree but would need to review this on the detail of the project design.

- 7. 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.**

We agree but as above, would need to review this on the detail of the project design.

- 8. In relation to developing and implementing CPP 2024-2029, is there anything else not covered by questions 1-7 that UR should consider?**

The gaping hole for the overall context of NI is that the 68% of households reliant on home heating oil are essentially ignored within the context of the CPP. We believe this needs to be a key area addressed in NI, and we feel that the UR are best placed to show leadership and take up this role.

As outlined in the document and across other key strategic documents within UR, there are significant supports available for those reliant on gas and electricity which simply do not exist for those reliant on oil. This is a gross inequality which needs to be addressed and one which affects both questions 6 and 7.

**Response submitted by:**

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