



CONSULTATION RESPONSE

Submitted: April 2025 | Contact: shannon.montgomery@nea.org.uk

Department for the Economy: Increased Socialisation of Connection Costs in the Electricity Distribution Network

About Us

NEA is the national fuel poverty charity, working across England, Wales, and Northern Ireland to ensure that everyone can afford to live in a warm, safe, and healthy home.

NEA NI works to overcome the causes and effects of fuel poverty in four main ways. We provide advice and support to people struggling to heat their homes affordably; we campaign and advocate for policy and regulation to protect the most vulnerable and end fuel poverty; we carry out research to raise awareness and find solutions; and we provide accredited training and qualifications to improve standards in energy advice.

Our policy priorities naturally evolve in response to wider government policy and the reality of fuel poverty within households but there are four key areas that NEA NI has long been calling for:

- 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** (currently in progress).



- The introduction of **minimum energy efficiency standards**, particularly 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.

Response

Question 1: Consultees are invited to provide their comments on the costs and benefits of the proposed options.

Northern Ireland is in a fuel poverty crisis, with many households struggling to afford to heat their homes to the temperatures needed to stay warm and healthy. Polling conducted for NEA NI in September 2024 revealed that as many as **40% of households are living in fuel poverty**¹, underscoring the scale and severity of the crisis.

Other findings from the polling are also extremely concerning, including the rise in detrimental ‘coping’ mechanisms in response to increasing energy prices and energy inefficient homes. Over the previous 24 months, 27% of households reported going without heating or electricity on at least one occasion because they couldn’t afford it – up from 19% in 2023. In response to cost of living pressures, 70% of respondents reduced their use of central heating, a third resorted to wearing coats, blankets, or using hot water bottles indoors, and 1 in 10 households admitted to skipping meals or cutting back on food.²

It is within this context that we find it extremely challenging to accept any proposed increases to consumer bills – particularly alongside the absence of adequate mitigations and financial support for low income and vulnerable households.

NEA NI recognises the need for increased investment in our electricity network, particularly the additional reinforcement costs that will be

¹ National Energy Action Northern Ireland, (2024). [‘NEA and LucidTalk Poll 2024’](#).

² National Energy Action Northern Ireland, (2024). [‘NEA and LucidTalk Poll 2024’](#).



required if NI is to successfully decarbonise its energy system. We also understand the benefits of removing the “first-mover disadvantage” to make adopting low carbon technologies more feasible and equitable.

However, as stated in our response to the Call for Evidence (CfE) on the *‘Electricity Connection Policy Framework’*³, it is our view that increased socialisation of network reinforcement costs could risk vulnerable and low-income households being disadvantaged and placed at a greater risk of fuel poverty.

Under a socialised model all electricity consumers would pay for a higher proportion of reinforcement costs via their electricity bills than they do currently. Whilst this is often a fair way to cover the cost of our energy system, in the current context of challengingly high consumer bills and soaring rates of fuel poverty, any additional cost to consumers, without adequate mitigation, presents the risk of pushing vulnerable and low-income households beyond the limits of what they can reasonably afford.

It must also be recognised that many vulnerable and low-income households will not be able to benefit from the new low carbon technologies (heat pumps, EVs etc.) that would require additional reinforcement of their connection point. This means that under a socialised model there is a chance that lower income and vulnerable households will be paying for households and businesses that might otherwise be considered as ‘able to pay’ to benefit, whilst not receiving any direct benefits themselves. It is our view that this could not be considered a fair way to assign costs.

We have noted DfE comments at **1.17**⁴ in response to these concerns raised in the Call for Evidence. We do welcome the Department’s reassurance that it has been conscious of these concerns when developing the proposals for this consultation, and that it has focused on analysing all the impacts and worked to ensure the costs are as low and as efficient as possible for consumers. We acknowledge that the proposed maximum increase of approximately £3.05 extra per consumer per annum for

³ National Energy Action Northern Ireland, (2023). *[‘NEA NI response to the UR Call for Evidence – Electricity Connection Policy Framework Review’](#)*.

⁴ Department for the Economy, (2025). *[‘Increased socialisation of connection costs in the electricity distribution network’](#)*, pg. 8.



domestic consumers is relatively small. However, we know from our work supporting low income and vulnerable households, that even small additional expenses are an added strain for struggling households and can make the difference between turning on the heating and hot water or sitting in a cold home.

It is also important to recognise the cumulative nature of policy costs – what may seem like a modest increase in isolation can quickly become unaffordable when layered on top of other increases, particularly for those already in or at risk of fuel poverty. The department has noted that the regulatory process here works to mitigate these costs where possible⁵ (1.17), but it has not provided clear and specific detail on what those mitigations are in this case.

Therefore, without adequate mitigations for vulnerable households, we cannot at this stage support this proposed policy change. This is very unfortunate in light of the potential benefits of solving the “first-mover disadvantage” and reducing the barriers to uptake of low carbon technologies.

Question 2: Consultees are invited to provide their views on which of the proposed options is the best proposal to move forward, including their views on the Department’s preferred option 4.

As noted above, without adequate mitigations for vulnerable households, we cannot at this stage support any of the proposed options. Instead, we recommend **a socialised model with fair adjustments.**

A socialised model could still work and be considered fair if adjustments are made to ensure the most vulnerable households are exempt from paying additional costs, or at the minimum, are charged under a progressive structure whereby the percentage of the socialised cost they pay is relative to the tangible benefit their household will receive.

Protecting certain targeted vulnerable demographics through the development of innovative approaches to revenue raising will require new

⁵ Department for the Economy, (2025). [*‘Increased socialisation of connection costs in the electricity distribution network’*](#), pg. 8.



legislation and the review and updating of existing regulations including the electricity (Connection Charges) Regulations (Northern Ireland) 1992 which have not been updated since their introduction in 1992.

Furthermore, this needs to be set alongside a suite of additional support measures for low income and vulnerable households facing high energy costs. This includes the **introduction of an energy social tariff**, to provide targeted, discounted energy bill support, and **increased investment in energy efficiency schemes and low carbon heat support grants**. DfE must progress at pace its energy efficiency and low carbon heat support schemes, complementing DfC's proposed new 'Warm Healthy Homes' scheme.

Finally, **robust consumer protections** must be in place, with key roles for the Utility Regulator and the Consumer Council for NI. If the policy change is taken forward, we urge **continuous analysis of its impacts on different consumer groups**. For example, though utilising an NI tailored version of Ofgem's distributional impact assessment tool.