



Belfast City Council

Report to:	Development Committee
Subject:	Proposed Council's Response to the Utility Regulator's Consultation
Date:	9 December 2009
Reporting Officer:	Shirley McCay Acting Director of Development ext 3459
Contact Officer:	Barbary Cook, Policy and Business Development Manager, ext 3620 and Susan Quail, Giants Park Manager.

Relevant Background Information

The Utility Regulator has asked the Council to comment on their draft Forward Work Programme for 2010-11. The Regulator protects consumers through regulation and scrutiny of Northern Ireland's gas, electricity and water providers. The Regulator's strategic priorities are:

- Protecting consumers by ensuring utility monopolies act efficiently.
- Environmental sustainability and security of supply.
- Protecting vulnerable consumers.
- Boosting competition in wholesale and retail sectors.
- Harmonising energy markets and use of infrastructure.
- Evolving the regulatory framework.
- Their own organisational development.

The Forward Work Programme sets out how these priorities will be addressed in 2010-11 and also gives an indication of activities into 2013.

The Council's response to the draft FWP has to be submitted by 12.00 noon on 20th January 2010.

Additional information is available from the Utility Regulator's website:

http://www.niaur.gov.uk/news/view/utility_regulator_publishes_its_draft_forward_work_plan_2010_11_for_consult

Key Issues

The activities outlined in the draft programme fall under the following strategic themes:

- the protection of consumers through effective regulation of monopoly utility companies by applying their regulatory scrutiny to drive efficiencies and promote enhanced level of services (e.g. through Guaranteed Standards of Service). They propose to enhance their regulatory framework through a broadly based review of price control methodologies;
- promoting sustainability and security through working with utility companies to take account of environmental impact of the services they provide (e.g. requiring NI Water to report on carbon emissions) and assessing options for optimising the existing energy infrastructure;
- protecting vulnerable customers by implementing a Social Action Plan (the Council has already been consulted on this part of the plan) and contributing to wider Governmental initiatives, as appropriate, on fuel poverty;
- advancing retail and wholesale competition by removing barriers to potential entrants and reviewing existing arrangements to promote value for consumers (e.g. by reviewing the long-term contracts of electricity generating units);
- harmonizing arrangements to deliver benefits for Northern Ireland consumers (e.g. the potential arising from Common Arrangements for Gas on the island of Ireland);
- a greater focus on the potential for exercising competition powers and the need to take account of the wider European legislative context;
- developing as an organisation by enhancing human resources policies and processes and taking the opportunities to deliver on specific governance areas.

There are specific elements within the draft programme that may impact on the Council and especially its activities in the North Foreshore Landfill Gas Electricity Generation Scheme. It is proposed that the Council sends the following response.

“The North Foreshore is generating renewable electricity for export which is eligible for the Levy Exemption Certificate (LEC), the Northern Ireland Renewable Obligation Certificate (NIROC), and the Renewable Energy Guarantees of Origin (REGO). The Council therefore welcomes the Utility Regulator’s priorities to work with the Department of Enterprise, Trade and Investment (DETI) and the Office of Gas and Electricity Markets (OFGEM) to ensure that the existing schemes NIROC, LEC and REGO continue to operate smoothly alongside the Single Electricity Market (SEM) mechanisms ensuring the efficient administration of the schemes.

The North Foreshore Landfill Gas Electricity Generation Scheme also generates renewable heat. The Council would therefore support the proposal for the Utility Regulator to work with DETI to help develop policies and potential incentives in relation to renewable heat in NI.

The Council notes that the Utility Regulator is proposing to review the regulatory framework with a view to facilitating private network development and connections wherever appropriate. Again the Council supports this, as it may be of some relevance to the North Foreshore site. In particular, there may be an opportunity to sell electricity and heat directly to businesses in the North Foreshore site.

The Council also notes and approves the commitment to deliver the Social Action Plan. We refer you to our previous consultation response to the specific elements of the Social Action Plan. (Appendix 1.)

Resource ImplicationsFinancial

No immediate financial implications identified. Longer-term there may be implications for selling electricity from the North Foreshore site.

Recommendations

The Committee is asked to agree the consultation response proposed in this report.

Decision Tracking

1. Further to approval, the consultation response will be submitted by 12.00 noon on 20th January 2010. No further updates will be submitted to the committee.

Time line: 20 January 2010 Reporting Officer: Barbary Cooke

Key to Abbreviations

DETI - Department of Enterprise, Trade and Investment

LEC - Levy Exemption Certificate

NIROC - the Northern Ireland Renewable Obligation Certificate

OFGEM - Office of Gas and Electricity Markets

REGO - Renewable Energy Guarantees of Origin

SEM - Single Electricity Market

Documents Attached

Appendix 1: Strategic Policy & Resources Committee "Northern Ireland Authority for Utility Regulation – Consultation on its Social Action Plan 2009-2014" Friday 20 February 2009

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Belfast City Council

Report to:	Strategic Policy & Resources Committee
Subject:	Northern Ireland Authority for Utility Regulation – Consultation on its Social Action Plan 2009-2014
Date:	Friday 20 th February 2009
Reporting Officer:	Gerry Millar, Director of Improvement, ext 6217
Contact Officer:	Patricia Flynn, Strategic Planning and Policy Officer, ext 6204

Relevant Background Information

Purpose

To bring to the attention of Members, a consultation by the Northern Ireland Authority for Utility Regulation (the Utility Regulator) on its proposed Social Action Plan 2009 - 2014 and to present for approval a draft response to this consultation.

Background

The Utility Regulator is responsible for the regulation of gas, electricity and, more recently, water. It has a statutory duty to protect utility customers and must have due regard for vulnerable customers. It had previously produced a Social Action Plan in 2003 to help it to fulfil this obligation, but when it became responsible for water in 2007 the Utility Regulator felt that this unique cross-cutting remit provided a new opportunity to bring forward a co-ordinated strategy for the protection of vulnerable utility customers. The Utility Regulator now wishes to consult on its new draft Social Action Plan. The consultation document sets out its proposed future work and explains how it has interpreted its duty to protect utility customers and how it defined 'vulnerable customers'. However, as the Assembly has not yet made a decision on the introduction of water charges, the document focuses in the first instance on gas and electricity.

Summary of the Consultation

Defining the Problem

The legislation states that the Utility Regulator must have due regard for vulnerable customers, in particular those who are disabled or chronically sick, of pensionable age, on low income, or who live in rural areas. However, the Utility Regulator is not limited to these groups and proposes to define a vulnerable utility customer as a household with one or more of the following characteristics:

- **Poor Health** – household includes a chronically sick individual.
- **Disability** – household includes an individual with a disability.
- **Ethnic Background** – household does not include an adult with a sufficient grasp of English.
- **Financial Insecurity** – household on a low income.

In addition, the utility Regulator identified two intensifiers i.e. factors which do not in themselves make utility customers vulnerable but when combined with the above characteristics, multiply vulnerability. These are:

- **Age** (elderly or under 16) and **Rurality**

Protecting Vulnerable Customers – Special Services

Standard gas and electricity licences contain special provisions for pensioners, chronically sick or disabled customers; the utility regulator is responsible for monitoring and ensuring compliance. NI Water and NIE offer special priority reconnection and alternative supply services in the event of disruptions for people with specific medical needs, but there is currently no emergency critical care policies offered by the gas suppliers. The

Utility Regulator has requested feedback on what extent and for what type of condition emergency gas provision may be necessary. In terms of special needs, the Utility Regulator has also highlighted the need for information to be provided in other languages (NIE is the only utility supplier that currently provides this service) and plans to investigate an appropriate way forward in this regard.

Protecting Vulnerable Customers – Financial Vulnerability

Fuel and Water Poverty

Northern Ireland does not compare favourably with the rest of the UK in terms of fuel poverty rates (and water poverty rates if / when water charging takes effect). The most recent estimates of fuel poverty in Northern Ireland are from 2006, when the rate was reported as 34% compared to 12%, 23% and 21% in England, Scotland and Wales respectively. There is a commonly held view that the rate is now likely to be in excess of 40%, given the increase in energy prices experienced since 2006. Research carried out by the Independent Water Review Panel indicated that potential water poverty rates in Northern Ireland (upon the introduction of these charges) would be in the region of 14-15%, or with the implementation of the proposed affordability tariff, around 10%. This compares to a water poverty rate of 7.9% in England and Wales (in 2004/05).

In the consultation document the Utility Regulator suggests that fuel poverty has three root causes:

- (i) low income
- (ii) poor energy efficiency
- (iii) high energy prices.

As the Utility Regulator has no power to affect the people's incomes, it states that this issue will not feature in its future action plan. However, it has committed to testing the feasibility of introducing social tariffs (as recommended by the NI Fuel Poverty Taskforce) and will issue a consultation on this in early 2009.

Payment Methods, Debt and Debt Recovery

The Utility Regulator states that in order to help avoid debt, it is important that customers are offered a wide variety of payment methods. According to the document the main utility providers (NIE, Phoenix & Firmus) offer a range of payment options including: direct debit; cash payments at post offices, banks or paypoint outlets, and / or pre-payment meters. In terms of recovering debt, each utility company operates different policies. The Utility Regulator therefore plans to investigate the potential for encouraging all of the energy companies to operate to an agreed best practice standard. Customers who get into debt are encouraged to contact their supplier to discuss options including the option of a pre-payment meter. As the help lines offered by the energy companies are *perceived* to be premium rate numbers, it is also suggested that local or free phone numbers might improve uptake of advice and assistance.

Pre-Payment Meters

In terms of avoiding debt, energy suppliers feel that the pre-payment (or pay as you use) option is ideal as there is currently no premium for pre-payment and it can help customers with budgeting and also encourage energy efficiency. However, according to research by the Utility Regulator and the Consumer Council, many utility customers thought that pre-payment meters were charged at a higher rate and/or were only available to customers who had got into debt. Northern Ireland pre-payment customers, unlike other parts of GB, do not currently pay a more expensive tariff. This decision was taken voluntarily by the utility providers, but in the event of further competition, new entrants would be free to offer payment structures of their choice. In GB pre-payment customers were the last group to benefit from competition because the meters tended to be installed to recover debt and/or were expensive to service. However, it is suggested that that this may not be an issue here due to the investment in newer technology and the level of take-up of key-pad meters.

Nevertheless, the greatest discounts are available to those who pay by direct debit, a practice which is considered unfair as it penalises those who might not have a bank account and those living in rented accommodation as landlords tend to install pre-payment meters. Many consumers felt that the maximum discount should be available to everyone who settles in full and on time regardless of payment method.

The Utility Regulator has discussed with the energy companies the benefits of "smart" metering, which has the potential to help all customers by giving better information on usage and related costs, and will undertake a cost benefit analysis to determine a smart metering implementation policy.

Self-Disconnection

Self-disconnection happens when a pre-payment meter customer runs out of money (and emergency credit) and is cut-off from their electricity or gas supply. This will never become an issue in relation to water as self-disconnection will not be possible. Utility suppliers have a licence obligation not to disconnect vulnerable customers during the winter months, but this policy only applies to credit customers. As suppliers cannot identify in real-time when a household has self-disconnected, in theory, vulnerable customers using a pre-

payment option could be disconnected. Research by the Consumer Council in 2006 indicated that most households that self-disconnect do so for reasons other than financial hardship such as temporary absence or forgetting to top-up. However, the research also identified a small but significant number of customers who are vulnerable to self-disconnection because of their financial circumstances. It is likely that the number affected by this problem has and will grow, given the credit crunch and increase in energy prices since the research was conducted.

The Social Action Plan and Forward Work Plan

The Social Action Plan (SAP) has two main strands - the first focuses on the provision of special services for utility customers who may need additional assistance e.g pensioners, chronically sick or disabled customers; whilst the second focuses on financial vulnerability. The SAP will be reviewed in 2012-13. This will include a review of each utility supplier's compliance with licence conditions and codes of practice and the voluntary initiatives undertaken to help vulnerable customers.

The SAP includes a forward work plan, summarised at appendix 1, under the following themes:

- Reducing Financial Vulnerability
- Providing Special Services
- Improving Energy Efficiency and Water Efficiency
- Working with others
- Raising Awareness

One of the proposed key areas of work is in relation to market redesign and 'growing the gas network'. The gas industry in NI has grown steadily from a zero base ten years ago, but around 70% of NI homes still use heating oil as the primary source of fuel. The Utility Regulator believes there would be significant benefits to households switching to gas (unlike the oil industry the gas industry is regulated; it has lower carbon emissions and less fuel delivery vehicles; and new connections generate greater economies of scale). The Utility Regulator is therefore working with DETI on options to accelerate gas roll-out.

The Utility Regulator met with a range of stakeholders when developing its SAP. Some suggestions did not make it into the work plan because they were outside the scope of the Utility Regulator's statutory remit. These included suggestions relating to regulating the home heating oil industry; promoting micro-generation heat; bulk buying/ brokering and establishing a utilities trust fund. Other issues raised by stakeholders at these meetings are being considered, either by the Utility Regulator or the NI Energy Task Force such as tackling fuel poverty in a holistic and co-ordinated manner, and identifying better mechanism for effectively identifying those most in need/ at risk, which is being examined by a subgroup of the Fuel Poverty Taskforce.

Equality

The Utility Regulator has carried out initial equality screening and has determined that, as the plan is targeted at specific groups to improve equality of opportunity, only positive impacts were found and therefore it would not be subject to an Equality Impact Assessment. However, respondents are asked to comment on this and this decision may be reassessed depending on the feedback received.

The full consultation document can be accessed at <http://ofreg.nics.gov.uk/05%20January%202009.htm> The deadline for response is 21st March 2009.

Resource Implications

N/a

Recommendations

The Strategic Policy & Resources Committee is asked to note the content of the report and to approve the attached response to the consultation document and to approve its submission to the Utility Regulator.

Abbreviations

SAP – Social Action Plan; EEL – Energy Efficiency Levy

Documents Attached

APPENDIX 1: Summary of action – Social Action Plan and Forward Work Plan

APPENDIX 2: Draft Belfast City Council Response

THE UTILITY REGULATORY - SOCIAL ACTION PLAN AND FORWARD WORK PLAN

SUMMARY OF ACTIONS

1. Reducing Financial Vulnerability	
Market redesign	<ul style="list-style-type: none"> • Continue to monitor the Single Electricity Market (SEM) • Growing the gas network – work on Common Arrangements for Gas (CAG)
Corporate refinancing	<ul style="list-style-type: none"> • Review the benefits and current operation of the mutualisation model and implement roll-out of the mutualisation model to other utility assets in N. Ireland if appropriate
Encouraging competition	<ul style="list-style-type: none"> • Continue to encourage competition in the retail electricity and gas markets • Consider options to accelerate the growth of the gas industry in NI
Price controls	<ul style="list-style-type: none"> • Continue to ensure only efficient utility prices are charged to consumers through applying effective price controls.
Metering (energy suppliers only)	<ul style="list-style-type: none"> • Review gas pre-payment meter limits and issue for public consultation in 2009 • Complete cost- benefit work on smart meters and implement if appropriate
Social tariffs	<ul style="list-style-type: none"> • Develop a social tariffs scoping document for electricity Scoping document issue for consultation and present framework to be brought to Government in early 2009 • Subject to Government decision, implement policy, as appropriate
Helping customers in debt	<ul style="list-style-type: none"> • Work with suppliers to consider introducing harmonized policies on debt management • Implement changes, if appropriate, and monitor compliance with policy
2. Providing Special Services	
<ul style="list-style-type: none"> • Monitor and ensure compliance with special provisions in the licences and codes of practice (gas and electricity) • Ensure NI Water develops and complies with suitable codes of practice as and when appropriate • Consider requirement for provision of information in alternative languages 	
3. Improving Energy Efficiency and Water Efficiency	
<ul style="list-style-type: none"> • Issue a decision paper on the future of the Energy Efficiency Levy EEL in early 2009. • Monitor compliance of NI Water's duty to promote water efficiency. • Review and monitor progress against NI Water's leakage targets (could include financial penalties). 	
4. Working with others	
<ul style="list-style-type: none"> • Continue to participate in the Inter-Departmental Group on Fuel Poverty and the NI Fuel Poverty Advisory Group. • Continue to work closely with DETI on energy matters including its Strategic Energy Framework (SEF). • Consider the implications of the NI Fuel Poverty Advisory Taskforce report (delivered its report to the Minister in July 2008 and awaiting consideration by the Executive). 	
5. Raising Awareness	
<ul style="list-style-type: none"> • Establish a panel of experts from academia, industry and government to provide advice on fuel and water poverty • Undertaking further research to help inform our social action agenda. 	

DRAFT BELFAST CITY COUNCIL RESPONSE

THE NORTHERN IRELAND AUTHORITY FOR UTILITY REGULATION - CONSULTATION: "SOCAIL ACTION PLAN 2009 - 2014"

BELFAST CITY COUNCIL RESPONSE

Belfast City Council welcomes the opportunity to comment on the consultation issued by Northern Ireland Authority for Utility Regulation regarding its proposed Social Action Plan and forward work plan.

The Council is committed to working in partnership to improve the quality of life and well-being of all people living in Belfast. Our key strategic themes include "Better care for people and communities" and "Better care for the environment". The focus in the consultation document on fuel poverty and fuel and energy efficiency clearly reflect the priorities of the Council and we commend your efforts in this area.

CONSULTATION QUESTIONS:

Q1. Respondents are asked to comment on the impact of this paper with regard to equality of opportunity and Good Relations

Whilst Belfast City Council accepts that the Social Action Plan will have positive impacts for vulnerable customers, it is important that the proposed definition does not exclude or disadvantage particular S.75 groups. Although poverty is a universal issue; research shows that certain groups may be at more risk, such as older people and single parent families. The Utility Regulator should therefore be mindful of the potential effect and impact, particularly with regards financial vulnerability, that the proposed SAP may have on specific groups.

Q.2 Respondents are asked their views as to whether we have considered all the characteristics that may contribute to or intensify vulnerability

A major feature of the current economic decline is the level of both public and private debt. Whilst the Utility Regulator is obligated to have due regard to specific categories of vulnerable customers it is not clear that this encompasses people experiencing severe difficulties through substantial or prolonged personal debt. The consultation confirms that the Regulator is not limited in relation to the groups of vulnerable customers so it may still be appropriate for this category to be profiled for inclusion.

Although dwelling age would not normally make utility customers vulnerable it could be identified as an "intensifier". Pre 1919 dwellings are almost exclusively of solid wall construction. They tend to have higher thermal conductivity than modern cavity wall or timber frame dwellings and are more difficult and costly to insulate.

Q3. Respondents are asked to what extent they believe critical care provision could be improved. In particular respondents are asked to what extent similar emergency provisions in the event of a disruption to supply are required for gas (please detail specific improvements and in particular details of medical conditions or life saving medical equipment that require a constant supply of gas).

Special licence provisions prohibit the disconnection of supply to elderly, disabled or chronically ill customers in the winter months. These categories seem somewhat limiting considering the potential ill health effects on children and infants in particular. Any disconnection of supply could have serious health implications. Belfast City Council suggests that consideration should be given to ensuring that the licence provisions reflect and be consistent with Northern Ireland Water Special Provisions regarding a policy of no domestic disconnections.

The lack of clarity or information regarding critical care services reliant on gas supplies highlights a serious knowledge gap. The Utility Regulator should investigate options for researching this issue and should not be reliant on responses to this consultation.

Q4. Respondents are asked to comment on whether they believe all customers have sufficient access to different payment methods offered by the utility suppliers. Respondents should list the barriers they perceive as preventing some vulnerable customers from accessing all payment methods

The results of the NIE "For your Benefit" programme pilot clearly demonstrates the extent to which vulnerable people are failing to maximise their income. Therefore, in seeking to protect financially

vulnerable customers the Regulator should encourage suppliers to work with others to maximise the uptake of benefits. For example, access to benefits (A2B), www.a2b.org.uk, is a not-for-profit organisation working to improve benefit uptake for older people. It uses a free and anonymous on-line benefit calculator to check an individual's entitlement.

The Northern Ireland Energy Efficiency Level (EEL) should be extended to allow organisations, other than licensed electricity suppliers, to compete for levy funding. (Belfast City Council has already included this point in its response to the EEL's Strategic and Operational Review 2008).

The introduction of social tariffs should be a government priority in addressing fuel poverty. The DSD Proposed Consultation document should therefore be available as early as possible to give the minister the opportunity to take this forward and, if possible, to implement the policy before next winter. Belfast City Council would however caution against the "rising block" element due to the acknowledged potential adverse affects on vulnerable individuals.

Many older people do not have bank accounts and are more comfortable saving up and paying cash for goods and commodities. Belfast City Council is currently piloting a Fuel Stamps savings scheme for domestic fuel oil targeted primarily at older people. Essentially oil users can purchase £5 stamps from specified outlets and then build up credit which can be used as payment or part payment for oil. These schemes have proved very popular in other district council areas and, whilst not necessarily directly transferable to the purchase of gas, electricity or water, this approach could be developed to fit with these utilities. Older people should be provided with an option that clearly resonates with their more traditional approach to paying bills.

Q5. Respondents are asked to consider what measures, if any, need to be taken to ensure that prepayment customers benefit equally from the introduction of retail competition in Northern Ireland

Within the current economic climate it is probable that more people will wish to utilise the prepayment option. Although it may have initially been seen primarily for debt recovery it would be inappropriate to view it exclusively in that light today. Whilst new entrants to the gas and electricity sectors are free to introduce their own payment structures the Regulator still has a role to protect the interests of the consumer and to have regard to specific categories of customer including the elderly and people on low incomes. It is not clear within the document, whether the Regulator could, if required, compel utility companies to ensure prepayment customers are not charged a premium. Assurances would also be sought that customers, particularly prepayment customers, would be able to move freely to different payment methods.

Q6. Respondents are asked to comment on the merits of a harmonized approach in relation to helping vulnerable customers to avoid debt & to manage their way out of debt

Belfast City Council would agree that the Utility Regulator should actively investigate the potential for encouraging utility companies to harmonise their approach to debt recovery. Other areas in terms of harmonisation that merit further consideration include:

- Prepaid envelopes / Freepost - NIE provide freepost envelopes for their customers to pay their bills. Phoenix Gas does not.
- Help Lines using 0845 numbers - 0845 numbers are perceived as being the same as local rate numbers. However, whilst they are not premium rate numbers they are considerably more expensive than local rate numbers. They are very expensive to phone from mobile phones (are not included in free minutes) and are also very expensive to phone from call boxes.

Q7. The Utility Regulator acknowledges the concerns of stakeholders around self-disconnections. Respondents are asked to comment on what should be done to prevent vulnerable customers self-disconnecting for reasons of financial hardship

Self disconnection due to financial circumstances could have very serious consequences, particularly for vulnerable individuals. The special provisions required for licences for gas suppliers include retention of a list of vulnerable individuals. However, Belfast City Council suggests that this list should be extended to include vulnerable customers generally so that those on low income or who are in serious debt are not omitted. This is particularly important when prices are rising dramatically or over a prolonged period, as consumers may have budgeted for a certain amount of usage from a certain level of prepayment, and then

may find they do not have extra cash to pay for increased fuel costs which may led to self disconnection.

Further detailed consideration and research into potential viable options for enabling utility companies to become aware of the self disconnection, or possibility for self disconnection, for vulnerable customers with special needs is required.

It is also essential that consumers are not vulnerable to self disconnection when they have problems trying to get complaints resolved with the utility company.

Q8. Respondents are asked to comment on what measures should be undertaken to raise awareness, and which organisation(s) should take the lead on these measures.

The joint research undertaken by the Consumer Council and the Utility Regulator provides a useful insight into the issues facing utility customers and of their general perceptions and awareness of the steps and services available to help with both fuel efficiency and fuel poverty. The Utility Regulator recognises that there is scope to improve awareness and the uptake of services; and this is to be commended. However, as highlighted in the Consumer Council report, it is important that whatever channels are used, that the information reaches those who are potentially vulnerable and arguably more in need of these services, such as people who live in rented accommodation or in low income households and who, according to the research are less likely to be aware of what is available.

It appears that the central issue with respect to gas and electricity relates to fuel poverty. The Department for Social Development (DSD) is responsible for facilitating efforts to address fuel poverty and in particular to raise awareness and promote the availability of services and schemes to help vulnerable people. Whilst suppliers should also have a role, it is more difficult to see how they can be encouraged to target vulnerable people without a statutory obligation or financial stimulus. Although local councils do not have a specific statutory duty or obligation to address fuel poverty; many are already seeking to assist people through, for example, the Fuel Stamps schemes. Local councils are well placed to assume a lead role with regard to promotion and awareness raising, particularly given their established engagement mechanisms with local communities and the developing responsibilities with regard to community planning and the proposed additional power of well being.

It is stated that “improving energy efficiency has been the primary focus of the fuel poverty strategy” and that “the Utility Regulator encourages the utility providers to educate and inform their customers about energy efficiency”. In order to do this effectively, customers must receive regular information regarding their usage and cost. Quarterly meter readings and quarterly bills for all customers (whether prepayment, direct debit, etc) would help customers be better informed and encourage them to be more energy efficient. It would also show them much sooner if they are overpaying or are falling into arrears and just how much their gas/ electricity is costing.

The Council’s Consumer Advice Centre provides free specialist advice to consumers and traders in Belfast on a range of consumer issues. Increasingly, the Consumer Advice Centre has received a number of enquiries regarding utility companies, particularly in relation to payment methods. One major issue that causes particular problems for Phoenix Gas consumers, who try to be financially aware and manage their budgets by paying by direct debit so their bills are spread over the year, is that Phoenix Gas does not read the meter for another 12 months or in some cases even longer. This means that they do not monitor if the Direct Debit payment is too much or too little; which can subsequently have a significant impact on consumers and particularly vulnerable customers. For example:

- (i) Pensioners - one of whom was disabled found they had arrears of £547. Their direct debit payments had been £38 - £41 per month, but Phoenix Gas wanted to increase this to £103 per month. Their actual usage was about £56 per month.
- (ii) Single parent new baby - had been paying by direct debit but because the meter had not been read for 17 months, she built up arrears of £447. She had been paying £31 per month which was subsequently increased to £39 per month. However, her actual usage was £54. Phoenix Gas now wants her to pay £80 per month to clear her arrears.
- (iii) Pensioner - Phoenix Gas kept changing the amount of direct debit she paid monthly including reducing the monthly amount. She now has arrears of £1000.

- (iv) Pensioner - paid by direct debit, Phoenix Gas did not read the meter but kept increasing the direct debit amount from £40 up to £90 and then to £124. Eventually after reading his meter his direct debit was reduced to £20 per month.
- (v) Consumer has a gas fire but doesn't use much gas. The direct debit payments increased from £5.99 per month to £11 and are now £13 per month. He has paid over £90 in payments but has only used about £30 worth of gas. However, Phoenix Gas won't reduce the amount of payments.

Phoenix Gas may offer quarterly meter reading as a special arrangement. In contrast, NIE tries to read meters on a quarterly basis and send out quarterly bills to all customers. This practice helps ensure that consumers are more aware of their energy usage and the likely costs and are thereby more able to budget accordingly. The Regulator must ensure that utility companies who offer direct debit payment methods have proper and timely systems in place to accurately measure and estimate usage and cost.

Utility companies must also ensure that they take payments as arranged. The Consumer Advice Centre has found that some utility customers have ended up in arrears or else incurred bank charges because the company had not taken the direct payment as planned or on the agreed date. The Consumer Advice Centre has also found that problems can arise when a consumer is moving house and has overpaid, either on a meter or by direct debit, and subsequently encounters difficulties when trying to get a refund.

Q.9 Respondents are asked to comment on whether there are any other key issues that should be considered

During the current recession, in particular, there is an imperative on government and regulators to consider options for reducing financial vulnerability. Assisting those on low income to maximise their benefit entitlement is important, however, improved energy efficiency will have the dual impact of addressing fuel poverty whilst reducing carbon emissions. Broadening access to the EEL should provide more opportunities for the introduction of energy efficiency measures.

Pre-payment Meter Considerations

Whilst the utility companies suggest that pre-payment meters help customers budget because as they can see how much they are spending, in practice it is often harder for consumers to see what they are actually getting for their money as the billing system is not open and transparent nor easily understood. Based on the experience of many visitors to the Consumer Advice Centre, there is a lot of confusion over what consumers actually got for the amount of money they have spent. It also appears very easy for the company to alter what customers are getting for the money they actually pay. In one case where the price had gone down the customer thought they were still being charged at the old rate. In other cases, consumers found they were getting fewer units one week for their money than they had the week before although the price was not supposed to have changed. In such circumstances it is only the very observant consumer who might notice when something is actually wrong.

In addition, whilst prepayment may help with budgeting; this is not the same as being energy aware / energy efficient. In addition, prepayment meters do not help customers budget when it gets very cold and they need extra heat but they do not have the money to pay for their higher usage.

The Home Heating Oil Market and LPG Market

There are still many customers in Northern Ireland using these types of energy but there is no regulation of these industries. Whilst it is recognised that is not part of the Regulator's statutory remit, consideration of how this might be encouraged voluntarily or achieved in practice should still nevertheless be considered.

Q10. Respondents are asked to comment on this future work plan

The work plan addresses the principal areas for action; however, the current financial crisis has created an urgency that may not have initially informed the development of the plan. The aspiration to reduce financial vulnerability will be seriously compromised by collapsing markets, increasing unemployment and unplanned personal debt. This should place an imperative on the Regulator and partner organisations to accelerate delivery of this element of the plan in particular by, if necessary, reprioritising other elements.

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