



**Submission to the NIE Networks, 'Greater Access to the
Distribution Network in Northern Ireland' Call for Evidence**

October 2018

1. Introduction

1.1 The Consumer Council is a non-departmental public body (NDPB) established through the General Consumer Council (NI) Order 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland.

1.2 The Consumer Council has specific statutory duties in relation to energy, postal services, transport, and water and sewerage. These include considering consumer complaints and enquiries, carrying out research, and educating and informing consumers.

2 General comments

2.1 The Consumer Council acknowledges that the way electricity is generated, transported and consumed is changing and that this change will accelerate in the future. We believe that new technology and innovation can deliver a carbon free, lower cost energy sector that responds to consumer demand. We believe that NIE Networks has an important role to play in the transition of the Northern Ireland energy sector and we welcome this initiative by NIE Networks.

2.2 Some active energy consumers have already embraced the opportunities that new technology presents. However, the vast majority of domestic and small business electricity consumers remain passive with regard to their energy supply. They take energy supply in the form and at the price that it has traditionally been presented to them. Active energy consumers should be encouraged in their endeavours and passive energy consumers encouraged to be more active as the energy sector transitions to a carbon free future.

- 2.3 Those consumers who are unwilling or are unable to be more active with regard to their energy supply should not be penalised for being so. In NI the high level of fuel poverty and low incomes level relative to the UK indicate that there is a vulnerable consumer base that will require protection.
- 2.4 Within the complex technical issues discussed in the 'Call for Evidence', there are potentially important social policy issues to be considered. We see this for example in the allocation of network costs across consumers who will have different and changing requirements of the network. We do not believe that it is appropriate for NIE Networks or the Utility Regulator to make these decisions alone. These are social policy decisions that are for the Northern Ireland government to decide.
- 2.5 The future structure of the electricity distribution network and how it provides the outcomes that consumers want is at the heart of an energy strategy for Northern Ireland. The current Strategic Energy Framework will end in 2020, but is already out of date. There is an urgent need for a new energy strategy for Northern Ireland that capitalises on the changes that are taking place in the energy sector and guides those changes for the benefit of consumers.
- 2.6 The Consumer Council recently hosted an event attended by the Northern Ireland energy network companies and the Utility Regulator which presented the 'Consumer Principles'. These principles can be traced back to a 1962 speech given by John F. Kennedy to the US Congress. They have since been developed and ratified in the United Nations' Guidelines for Consumer Protection which gave legitimacy to the whole notion of "consumer rights", and provide the support and guidance necessary for developing consumer protection legislation in nations around the world.

2.7 We believe that as NIE Networks, along with the energy industry and stakeholders work to deliver a new electricity distribution system that meets the needs of consumers, the principles can provide a framework for assessing how any proposed changes can be engineered to meet the needs of consumers.

2.8 The 'Consumer Principles are:



2.9 The issues discussed in the 'Call for Evidence' are at times technical and complex in nature. We urge NIE Networks and other key decision makers such as the Utility Regulator to remain engaged at each step with consumers, using plain language to communicate.

2.10 During the development of the NIE Networks RP6 Price Control, The Consumer Council, as the statutory representative of energy consumers in

Northern Ireland, worked with NIE Networks, the Utility Regulator and the Department for the Economy in the Consumer Engagement Advisory Panel (CEAP). We suggest that a similar group be set up to engage with consumers as the detail of this project develops.

- 2.11 Such a development should not inhibit NIE Networks from engaging with consumers on a wider basis and publicly.

3 Questions in the 'Call for Evidence'

- 3.1 We include here comments on selected questions from the 'Call for Evidence' where we believe we can add value.

3.2 **Question 5:** If there is potential within the existing assets of NIE Networks to provide cost efficient solutions to the TSO in balancing the network, this should be explored. However NIE Networks should not be given preference over other solutions if they are available and offer a better outcome for consumers. One of the key determinants will be the level of risk to the system resilience, which the different options present. Any risk should be assessed against the Consumer Principles and in a transparent way.

3.3 **Question 6:** NIE Networks should not continue to invest in a network if it is no longer required. NIE Networks should adopt and integrate smart incremental solutions to reduce and deliver network costs through a more dynamic approach to operating the network. Progress towards this objective should be undertaken in a transparent manner, with ongoing engagement with stakeholders. In this way any risks identified can be considered and responded to by all affected parties.

- 3.4 **Question 12:** The current construction of tariffs for domestic and small business consumers is something that is out of their control. Looking to the future it seems inevitable that there will be a need to amend tariff structures to make the most out of new technology. In considering changes the Consumer Principles of 'Fairness' and 'Representation' must be addressed. The majority of domestic and small business consumers are passive. It is essential that these consumers, particularly vulnerable ones, are not penalised with higher energy bills for their lack of engagement.
- 3.5 We recognise that opportunities are emerging to empower consumers to take greater control of both the cost and the nature of their energy supply. Enabling this through the amendment of tariffs may be an option and should be considered. At each step the proposals and discussion must be the subject of a public debate which includes representatives of all stakeholders. Consumers must be represented in this discussion.
- 3.6 Where there is a conflict between the financial outcomes for different consumer groups, it is an issue of social policy and it will be necessary for the Northern Ireland government, as the appropriate policy making body for Northern Ireland to decide.
- 3.7 **Question 15:** The Consumer Council represents both domestic and business energy consumers.
- 3.8 **Question 16:** Even at this early stage in the utilisation of new technologies we can see the potential benefits for consumers. The issues discussed in the Call for Evidence, indicate that consumers may benefit by a reduction in the cost of their energy supply, a network that provides the services they want, when they want it and by a decarbonisation of the energy sector.

3.9 If you would like further information or to discuss any issues in this paper, please contact Richard Williams on 028 9025 1649 or richard.williams@consumercouncil.org.uk.



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