Domestic Consumer Insight Tracker 2018/19

Summary

April 2019

About the Utility Regulator

The Utility Regulator is the independent non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water and sewerage industries, to promote the short and long-term interests of consumers.

We are not a policy-making department of government, but we make sure that the energy and water utility industries in Northern Ireland are regulated and developed within ministerial policy as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly through financial and annual reporting obligations.

We are based at Queens House in the centre of Belfast. The Chief Executive leads a management team of directors representing each of the key functional areas in the organisation: Corporate Affairs, Markets and Networks. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.

Our mission

To protect the short- and long-term interests of consumers of electricity, gas and water.

Our vision

To ensure value and sustainability in energy and water.

Our values

- Be a best practice regulator: transparent, consistent, proportionate, accountable and targeted.
- Be professional – listening, explaining and acting with integrity.
- Be a collaborative, co-operative and learning team.
- Be motivated and empowered to make a difference.

Abstract

The Utility Regulator (UR) commissioned consultants CEPA and Impact Utilities to conduct a comprehensive survey of domestic energy consumers in Northern Ireland. The survey results will help the UR to monitor domestic energy consumer outcomes and behaviours over time and help the UR to protect consumer interests, as part of the wider Consumer Protection. The survey report is attached as an Annex to this summary document.
UR will undertake a comparable non-domestic consumer survey during 2019/20.

Audience

The survey results will be of interest to energy industry companies - particularly energy suppliers, energy consumers and consumer representative bodies - particularly the Consumer Council for Northern Ireland. It will also be of interest to energy policy makers and the wider stakeholder and research communities.

Consumer impact

The survey will not directly impact on consumers in monetary terms. It will however benefit consumers in non-monetary terms by ensuring that regulation remains aligned with consumer needs and consumer protection requirements. The survey results will also inform wider policy discussions around the experiences and outcomes for energy consumers in NI.

Foreword and High Level Summary

Our 2019-24 Corporate Strategy (which is available on our website) entitled “Protecting Consumers Today and Tomorrow”, highlights our overarching organisational purpose to protect and empower all consumers. As part of our role we commissioned consultants CEPA and Impact Utilities to undertake a domestic energy consumer survey. The consultants have now produced a Domestic Consumer Insight Tracker (the CIT) report which outlines the survey results. We very much welcome this report and recognise the value it has in our ongoing regulation and consumer protection roles.

It is our intention to repeat this survey bi-annually in order to see how consumer experiences, behaviour and engagement with the energy sector change over time. This in turn will help us to monitor key consumer outcomes and ensure we tailor our regulation towards meeting consumer expectations and requirements. This work is particularly important in the context of the energy transition which is currently underway. The energy world is changing rapidly with consumers as the real drivers of the transition. They will have an increasingly active role in the energy markets through, for example, self-generation using renewable energy sources, technology options such as battery storage and electric vehicles. However not all consumers will be willing or able to participate in such change and it is important that the disengaged and vulnerable are not left behind. The data collected in the CIT over the coming years will play a vital role in ensuring a smooth and just energy transition for all domestic energy consumers.

The survey integrates with the key areas of our existing retail market regulation. We currently have in place many regulatory protections for consumers in Northern Ireland and various ways to gather evidence on retail market outcomes. These include our market monitoring activities and reports such as the Quarterly Transparency Reports (which show key market information including price comparisons), along with price controls and our recently launched Consumer Protection Programme. However despite these various measures we felt there was a gap in terms of information on how our domestic energy consumers actually perceive and engage with the energy sector along with the experiences they have. The CIT will be a useful piece of evidence in filling that gap. We intend that it will also be a useful catalyst and input to wider energy policy debate and development.

UR will consider the survey results in more detail, particularly the areas the consultants have identified for further exploration, and come up with a series of actions to take forward. As part of this work we may also identify additional areas beyond those the consultants recommended for further consideration. Some actions may be for us to take forward, some may be more relevant for other organisations and some may be undertaken jointly as part of our ongoing work with consumer representatives. Some areas for further action could include further qualitative research, deliberate action as a result of survey findings e.g. education/awareness campaigns, additional quantitative analysis across different issues and consumers characteristics and further engagement with energy consumer representatives and stakeholders

Survey Background

The CIT is a statistically representative quantitative survey of 1, 503 domestic energy consumers (bill payers) in Northern Ireland. It allows statistically significant comparisons to be made between subgroups such as age, gender, income, fuel usage, etc. It also allows for differences between certain groups of the consumer population identified, and for changes in consumer behaviours and perceptions to be tracked over time.

The CIT is based on a number of statistical, and survey, techniques in order to ensure a representative statistically robust sample. The survey covers both electricity and gas consumers along with those who use oil and others fuels to heat their homes. It included a specific 100 boost to ensure that vulnerable consumers were adequately included. The survey analysed a number of individual and consumer characteristics across a range of key issues. These are outlined in the box below. The range of issues, characteristics and cross analysis was potentially exhaustive and therefore a prioritisation exercise was carried out to ensure the results delivered on key issues.

Individual characteristics	Consumer characteristics
• Age • Qualifications • Household income • Vulnerability • Children in the household	• 'Switchers' • Energy payment method • Meter type • Urban vs. rural location

Source: CEPA and Impact

Survey Content	
Respondent "Characteristic" survey questions	**Spend & Affordability**
Billing and payment method	**Consumer outcomes and behaviours**
Understanding of the NI energy market	**Trust and confidence**
Switching supplier	**Engagement with competitive markets**

Contact / Complaint handling by supplier	**Satisfaction**
Vulnerability	**How utilities are treating vulnerable consumers**
Prepayment	**Fuel usage**
Willingness to pay (social issues)	**Self-disconnection**
Consumer concerns	**Understanding of bills**

The CIT reports results via four main chapters:

1. **Consumer engagement –** considers issues such as supplier switching, tariff choice and engagement with wider market services such as banking and the internet
2. **Fuel usage, spend and affordability –** considers issues such as the fuel types consumers use, expenditure on the different fuels, what payment methods people use to pay for their energy and energy affordability issues
3. **Knowledge & perceptions –** considers issues such as awareness of the various energy suppliers, perceptions of the effects of competition on key factors such as cost, quality of service along with billing methods and information. It also considers awareness of minimum standards of service, levels of trust in, and satisfaction with, energy suppliers in addition to support services for vulnerable consumers
4. **Wider energy services –** considers energy investing in projects to protect the environment and supporting consumers over the age of 60

Each chapter considers survey results in detail but also includes a useful "key facts" box at the beginning and an "areas to explore further" summary box at the end.

Survey Results

The survey report contains a significant amount of analysis along with associated results. The report appendices contain:

1. **Appendix A** – **Full Survey Questionnaire.** The survey comprised mostly closed questions; a mixture of scale, categorical, yes/no and rating questions and one open-ended question.
2. **Appendix B – Extended Data Tables** – these have been included for completeness and to allow stakeholders to carry out their own analysis of the results across issues and the various consumer characteristics.

Key snapshot results are presented below.

Consumer Engagement

- Significant number of consumers have never switched electricity supplier (40%) or gas supplier (63%)
- Younger consumers are significantly more likely to have switched electricity supplier at least once (those under aged 44 v those over 44)
- 63% of consumers have had a positive switching experience
- 23% of consumers did not know that they could switch or how to switch – nearly a ¼ of those people who have never switched
- Doorstep selling remains the most common way to switch (41% of electricity switchers) and is particularly common amongst the elderly (56% of 65+ switchers did so via doorstep selling)
- Cost saving is the most common reason for switching. The most common reason for not switching is happiness with existing provider
- 68% of consumers remain on the standard variable tariff
- Consumers who have switched electricity suppliers in the last three years are significantly more likely to be on a promotional tariff than consumers who have not switched in the last three years (31% versus 10%)
- Consumers who have switched electricity supplier in the last three years are also more likely to have switched in other markets.
- Consumers are more likely to have switched landline phone provider (17%), internet provider (22%) or mobile phone provider (21%) in the last 12 months than to have switched electricity supplier (14%). But consumers are less likely to have switched bank account in the last 12 months (10%).

Fuel usage/spend/affordability

- 64% of consumers use oil to heat their home, while 25% use mains gas.
- 8% of rural consumers use mains gas, compared with 37% of urban consumers
- The majority of consumers (65%) do not plan to switch to another energy source to heat their home.
- Of those who do plan to switch energy sources for home heating 56% intend to move to mains gas.
- The majority of consumers spend between £30 and £59 per month for electricity
- Consumers who use an oil boiler spend more per month to heat their home than those you who use mains gas
- Monthly direct debit is the most popular payment method
- Prepayment is most popular for younger and lower income households
- 43% of all customers say that they sometimes struggle or always struggle to pay their energy bills
- 25% of consumers stated they have gone without energy due to cost regularly or at least a few times a year
- The following consumers/households are more likely to struggle with their bills or go without energy due to costs:
    - Those who earn less than £15,500 per annum (12% versus 6%).
    - Those who pay for their energy via a pre-payment meter
    - Those with children in the household

Knowledge & Perceptions

- Majority of consumers consider that competition in the retail market has led to no changes with regards to supplier choice (60%), supplier responsiveness (58%), the number of tariffs available (51%) and the quality of service provided (64%). 46% of consumers consider that competition has led to the cost of electricity and gas increasing.
- Receiving a bill via email or online is the most common method
- 1/3 of consumers do not read, or only glance at, energy correspondence
- 46% of consumers do not understand correspondence from suppliers
- A significant proportion of consumers (40%) are not aware that energy suppliers must meet certain minimum standards of customer service.
- Significantly more consumers trust their supplier than do not trust their supplier (43% versus 11% with the remainder scoring a moderate level of trust)
- 52% of electricity consumers and 43% of gas consumers are satisfied with the quality of service they receive
- 53% of consumers are unaware that special services are available to support those who are vulnerable.
- For those consumers who are aware of special services, only 45% know about the type of services that are available (or 20% of total consumers).
- 13% of consumers have used special services made available by energy companies (both suppliers and network companies) in NI.

Wider Energy Services

Energy Efficiency

- The majority of consumers have not put energy efficiency measures in place in the last three years (59%). However, many consumers say that this is because they already have measures in place in their home.

Appetite for Wider Energy Initiatives

- The initiative that individuals would most like to see from their supplier is protection of the environment.
- However, this is not the most popular initiative within any one age group. Supporting customers over the age of 60 is popular with those customers aged over 44, while younger customers consider supporting those who are less able to pay their bills and vulnerable consumers more generally to be the most important.
- The average willingness to pay for the services that individuals selected was £1.69 per month. However, 40% of respondents were not willing to pay anything additional. 16% were willing to pay £5 or more per month extra.

Next Steps

Whilst it is encouraging to see that, for example, trust and satisfaction with suppliers is ‘relatively high there are some results which suggest we need to improve our messages to domestic consumers to increase uptake and awareness and also think about how all energy representatives need to communicate better with consumers.

Some Areas Identified by Consultants for Further Exploration

Consumer Engagement

Efforts to encourage switching - communications/awareness

Qualitative work to understand why certain consumer groups are more or less inclined to switch

Further explore switching methods, particularly the prevalence of doorstop selling, to ensure consumers who do switch are benefitting from doing so, regardless of the method they use to switch

Consider issues around awareness of the existence of promotional offers and awareness of communications of a promotional offer ending

Fuel use, spend & affordability

Considerations of why consumers use certain fuels and why they do/do not switch fuel

Explore domestic consumer perception of relative costs of energy in different regions

Further analysis around the affordability & vulnerability results to target regulatory policies which are aimed at supporting such consumers under the Consumer Protection Programme

Further consideration of the use of oil in rural areas & links to fuel poverty and decarbonisaton of heat

Knowledge & Perceptions

Consider how to raise knowledge & awareness of various suppliers & tariffs to maximise benefits of competition

Consider placing greater emphasis on the ability to compare supplier quality, as well as price. For example, the CCNI could publish regular ‘league tables’ of supplier satisfaction to help inform consumer choice

Consider whether focusing some effort on developing effective communications in certain areas could help it to achieve its policy goals - receiving, reading & understanding energy information

Further action on awareness & use of support services for vulnerable consumers

Wider Energy Services

Consider barriers to the uptake of energy efficiency initiatives & improvements

Consider how best to communicate, educate and raise awareness of the importance and benefits of energy efficiency in homes