



More can be done to protect consumers amidst rising energy prices in Northern Ireland

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This year, every regulated energy company in Northern Ireland put up their prices, with further increases expected. This comes at a time when many households are struggling to meet their energy needs, with low income groups most at risk.

Significant price rises

Global energy prices have been climbing sharply in recent months to levels not seen for 16 years. As we import nearly all of our home heating oil, petrol and natural gas, these price rises are beginning to impact Northern Ireland consumers, with people in the lowest income groups most at risk.

The Consumer Council tracks and publishes price information on a weekly basis on our website:
www.consumerCouncil.org.uk/energy

Having fallen at the beginning of the COVID-19 pandemic, the cost of petrol has risen by around 20 pence per litre and the price of home heating oil has increased by over 50 percent in the past year.

Meanwhile, prices have already been increased twice this year by three of our largest electricity suppliers and global wholesale natural gas prices are hitting record highs. While our regulated natural gas prices for winter 2021 are yet to be announced, the rise in wholesale prices means consumers' bills will increase significantly.

Worrying for consumers

It is hard to conceive of a worse time for fuel prices to increase. Consumers face rising inflation, the Coronavirus Job Retention Scheme being entirely phased out by the end of September, the £20 weekly uplift to Universal Credit ending in October and UK grocery prices have been rising for the past two years. In March 2019, Northern Ireland households spent an average of £347 on groceries; by March this year the same basket of shopping cost £400.

Compared to UK averages, Northern Ireland households have £103 less discretionary income per week, higher debt levels and a higher proportion have no cash savings.

We also have higher levels of economic inactivity.

A further issue is presented in that half of our total number of domestic electricity and gas customers use pre-payment meters. While these prevent consumer debt, they create the risk of consumers going without heat if they cannot top-up their meter when paying for fuel becomes challenging.

Against this backdrop, governments across the globe, including our own, are pushing forward with commitments to meet ambitious net zero targets by 2050, to avert the climate emergency, highlighted by the United Nations Intergovernmental Panel on Climate Change earlier this month.

Although consumers across the UK will struggle with price rises, Northern Ireland consumers are least able to absorb increases in essential spending.

Protecting consumers

Local energy companies cannot be held accountable for global prices, driven by geo-politics and production constraints. Each company we work with purchases energy months ahead to achieve most favourable prices. Some strategies provide better mitigations than others so we encourage consumers to shop around, where available. This is difficult with such widespread price increases.

The Consumer Council tirelessly campaigns for better consumer protections with energy companies. Working with the Utility Regulator, we assess companies' vulnerable customer practices, service standards, and approach to customer debt.

I have been heartened that more of our electricity and gas companies are beginning to recognise fuel poverty is a problem for their customers.

Various electricity and gas companies have measures in place to assist consumers in vulnerable circumstances. We would encourage any consumers who are struggling with their energy bills to contact their supplier for assistance.

That said, our energy companies can, and should, be more open and transparent in their communication with customers. Consumers need to understand the reasons for the price rises they are experiencing and what help is available, proactively and on a more regular basis. Additionally, we strongly encourage those companies without a strategy for supporting vulnerable customers to put one in place.

Climate change

Focus on climate change will intensify between now and the United Nations Climate Change Conference, known as COP26, that is being held in Glasgow this November.

The Consumer Council is unambiguous in its view that achieving net zero greenhouse gas emissions is essential for long-term consumer protection. However, we are also aware that to achieve net zero will require us all to make significant changes to our attitudes and behaviour. This will include changes to how we travel, heat our homes, and even to our diets. This behavioural change should not be demanded without first providing appropriate support and incentive to consumers.

The achievement of net zero must come about through the development of a sustainable energy future that works for us all. It is essential that we achieve a just and fair transition by ensuring affordability, security of energy supply and protection for all consumers, particularly our vulnerable citizens. Consumers play an essential role, therefore empowering individuals and mobilizing communities to actively embrace Northern Ireland's energy transition is critical.



Looking to the future

Political ambition must work alongside effective policies and regulation for energy, transport, housing, planning and poverty.

The Department for the Economy is working on a Northern Ireland Energy Strategy to be published in November. In parallel, the Department of Agriculture, Environment and Rural Affairs is preparing the Green Growth Strategy and the Department for Infrastructure has announced the establishment of an Infrastructure Commission for Northern Ireland.

Momentum is building. Government, regulators, consumer bodies and industry are coalescing towards shared goals for sustainability and climate action. In doing so, we must prioritise affordability. For example, the Northern Ireland Energy Strategy includes plans to increase the energy efficiency of our homes, manage our energy demand, and phase out fossil fuels by increasing the amount of renewable energy we produce in Northern Ireland. If achieved, these measures will also serve to reduce the impact of global energy price fluctuations on Northern Ireland consumers in the long term.

In the short term, the Consumer Council will continue to work with policy makers and our energy companies to encourage the development of initiatives to assist consumers in fuel poverty and vulnerable situations. This includes scoping the potential for the introduction of a Northern Ireland wide fuel bank in the hope that a permanent initiative of this type could provide assistance to households in fuel crisis.

The sharply rising fuel prices brings into focus the need to inform, support and protect energy consumers. Such measures will be essential to help consumers through the major disruption that will result from the transition to net zero, and ensure Northern Ireland's energy transition journey is truly citizen-centric.

Anyone struggling with energy bills should contact their supplier, or the Consumer Council on 0800 121 6022, for assistance.

