



The Consumer Council for Northern Ireland response to the Utility Regulator consultation on G-TUoS Revenue Allocation

14 October 2020

The Consumer Council

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

Consumer Principles

3. The Consumer Council welcomes the opportunity to respond to the Utility Regulator's (UR) consultation on the G-TUoS Revenue Allocation. We use the eight consumer principles shown in Figure 1 as a framework that asks important questions about service design and delivery, consumer impact and how services should look and feel to the consumer, and that helps assess regulatory decisions from a consumer perspective.

Figure 1: The Consumer Council's Eight Consumer Principles





4. The consumer principles also establish a common language that all stakeholders (Government, Regulator, Consumer Advisory Body, and the Company) can use to meaningfully and constructively engage with consumers to develop trust and a better understanding of the value for money a company/price control can provide. The Consumer Council recommends that the UR uses the consumer principles as a framework for the G-TUoS Revenue Allocation to support its decision making before reaching a final decision.

G-TUoS Revenue Allocation

5. The Consumer Council notes that the consultation document explains that the outcome of the decision making will have an impact on electricity consumers across Northern Ireland. It is essential that any impact leads to a positive outcome for Northern Ireland consumers both now and in the future.
6. The Consumer Council welcomes that the UR intends to ensure consumers are charged equitably for the service they receive. We note that the UR's analysis shows that Option D has four key benefits, and two of these are that Option D will deliver the lowest impact on tariff changes and will reduce the costs incurred by Northern Ireland consumers.
7. It is important that the regulatory framework minimises the cost of energy to consumers. Fuel poverty affects those on low incomes and is caused by high energy prices and energy inefficient housing. This means reducing energy costs in part may help reduce the risk of further detriment experienced by those living in fuel poverty across Northern Ireland. It is important to highlight that 22% of Northern Ireland households are in fuel poverty¹ and this could increase due to the COVID-19 crisis with many likely to experience a decrease in household income and an increase in utility bill debt. Additionally, Northern Ireland has the highest level of fuel poverty in the UK and one of the highest in the European Union, with current estimates indicating that 42% of households are affected¹.
8. The Consumer Council believes that the UR's decision on G-TUoS Revenue must take account of all consumers across Northern Ireland but it must also ensure its decision making process meets the needs of consumers that have a disability, those at pensionable age, consumers with a low income and those that live in rural areas. It is essential that consumers throughout Northern Ireland especially those that are more vulnerable are not disadvantaged by the final decision. The Consumer Council would seek reassurances from the UR in its decision document that consumers in Northern Ireland will not be disadvantaged.
9. The Consumer Council believes that the economic efficiency of generators and suppliers in the all-island market is essential so that there is a reduced reliance on price increases which can have a negative impact on consumers. The Consumer Council would ask that the UR's decision document



presents indicative figures about what this would look like on an end consumer bill. It is important that it is clear what any changes might look like so consumers have a better understanding about how changes may affect them.

Conclusion

15. The Consumer Council supports the UR preferred option which is Option D as it will deliver the lowest impact on tariff changes and will reduce the costs incurred by Northern Ireland consumers.
16. The Consumer Council would seek reassurances from the UR in its decision document that consumers in Northern Ireland will not be disadvantaged and for it to present indicative figures about what this would look like on an end consumer bill. This will improve consumer understanding about how regulatory changes may affect them.

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