

Consumer protection strategy

2016/17 – 2020/21

Final decisions

February 2016





Our mission

Value and sustainability in energy and water.



Our vision

We will make a difference for consumers by listening, innovating and leading.



Our values

- Be a best-practice regulator.
- Be professional.
- Be a collaborative, co-operative and learning team.
- Be motivated and empowered to make a difference.

About the Utility Regulator

We are 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 have a legal duty to make sure that the energy and water utility industries in Northern Ireland are regulated and developed within ministerial policy.

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. Our Chief Executive leads a management team of directors representing each of the main areas in the organisation: corporate affairs, electricity, gas, retail and consumer protection, and water.

Abstract

This Strategy details our final decisions with regard to the Consultation on the Consumer Protection Strategy. This five year Strategy will aid in progressing our Corporate Strategy objective of protecting the long-term interests of consumers. The Strategy will focus on domestic electricity, gas and water consumers and in particular seek to improve consumer protection in circumstances where consumers may be considered to be vulnerable. The Strategy will be monitored and reviewed at appropriate intervals.

Audience

This document is most likely to be of interest to regulated companies in the energy and water industries, consumer organisations, community and voluntary organisations, natural gas, electricity and water consumers, government and other statutory bodies.

Consumer impact

Each of the projects identified is expected to have a positive impact on domestic electricity, gas and water consumers. The costs and benefits of each project will be identified during the scoping phases of the individual projects. We will also review the overall strategy at appropriate intervals including a review after year 2.

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Glossary and Acronyms

CCNI	Consumer Council for Northern Ireland
CER	Commission for Energy Regulation in Rol
CERRE	Centre on Regulation in Europe
CPS	Consumer Protection Strategy (this Strategy)
DD	Direct Debit
DETI	Department of Enterprise, Trade and Investment
DRD	Department for Regional Development
DSD	Department for Social Development
EED	The Energy Efficiency Directive
Energy Order	Energy (NI) Order 2003
Enterprise Act	Enterprise Act 2002
EREGG	European Regulator's Group for Electricity and Gas
FWP	Forward Work Programme
GSS	Guaranteed Service Standards
HMRC	Her Majesty's Revenue and Customs
I&C	Industrial and Commercial (consumers)
IME3	Internal Market on Energy – (Third Energy Package) EU Package of Directives on market liberalisation in the energy sector.
I-SEM	Integrated Single Electricity Market
NIE Networks	Northern Ireland Electricity Networks
NIHE	Northern Ireland Housing Executive
NIRO	Northern Ireland Renewables Obligation
NISEP	Northern Ireland Sustainable Energy Programme
Ofgem	Office of Gas and Electricity Markets
Ofwat	The Water Service Regulation Authority in Great Britain
OSS	Overall Standards of Service
PNGL	Phoenix Natural Gas Limited
PPM	Prepayment meter
PSL	Phoenix Supply Limited
REMM	Retail Energy Market Monitoring
T&D	Transmission and Distribution
TSS	Trading Standards Service
UR	Utility Regulator
Water Order	Water and Sewerage Services (NI) Order 2006

1. Foreword

Protecting consumers lies at the heart of our role in regulating the electricity, gas and water industries in Northern Ireland.

Our corporate strategy 2014-2019 and forward work programme set out our approach to regulation and the initiatives we have prioritised in order to deliver our three corporate strategy objectives. Those objectives are:

1. to promote effective and efficient monopolies;
2. to promote competitive and efficient markets; and
3. to protect the long-term interests of our consumers.

Our consumer protection strategy (CPS) for domestic consumers is part of the third objective of our corporate strategy – protecting the long-term interests of consumers.

Delivering the CPS and putting in place the revised energy supplier codes of practice (which were published in June 2015¹), will complete a key part of our corporate strategy.

We put consumers at the heart of everything we do and have based all three of our corporate strategy objectives on this commitment. Our CPS sets out other initiatives which support the main part of our work, such as price controls and market regulation. It also recognises that domestic consumers may need specific protection in circumstances where they may be vulnerable.

The CPS accepts that energy and water industries differ in a number of areas, mainly the fact that domestic water consumers do not receive bills. However,

¹ http://www.uregni.gov.uk/uploads/publications/Final_Codes_of_Practice_Decision_Paper.pdf

protecting consumers is particularly important to us across all the industries that we regulate, and consumers need protection in a number of areas, including price.

Putting consumers at the heart of everything we do means that we must achieve a high level of consumer protection in all areas, including retail supply, wholesale market and network operation. It is important to see the development of the CPS within the context of building on our main activities under our overall corporate strategy. These include efficient market design, retail and wholesale market monitoring and price controls.

We developed our CPS following an extensive consultation, and we will continue to involve our stakeholders in all the initiatives we identified. This is fundamentally important, and I appreciate the time and effort many people made in our various consultation phases. Through our CPS, we will aim to bring clarity, consistency and equality to consumer protection throughout Northern Ireland utility markets, while allowing for commercial differences and best-practice approaches. My team is committed to that challenge.



Jenny Pyper
Chief Executive

2. Executive Summary

Our Corporate Strategy sets out how we seek to achieve our mission of promoting value and sustainability in energy and water. It details the following objectives:

- 1. Promoting effective and efficient monopolies**
- 2. Promoting competitive and efficient markets**
- 3. Protecting the long-term interests of business and domestic consumers**

The consumer protection strategy (CPS) consultation, (which was published 12 June 2015²), proposed a five year evidence-based Strategy setting out comprehensive plans and initiatives which will look at the long term needs of domestic consumers. This strategy is part of our third corporate objective, and focuses specifically on domestic consumers, and contributes to our legal duty to protect electricity, gas and water consumers.

² http://www.uregni.gov.uk/uploads/publications/Consumer_Protection_Strategy_Consultation_-_March_2015.pdf



Process

Our aim is to create a CPS built upon an evidence base with a high level of involvement by stakeholders. We talked to consumers and other stakeholders to accurately capture their views and experiences. To help develop the consultation paper, we consulted consumer focus groups, held interviews with key stakeholders, and carried out a survey.

Objectives

Following this detailed consultation process we identified four objectives for the strategy as follows:

- 1. Focus on affordability**
- 2. Ensure equal access to utility services**
- 3. Empower consumers through education and transparency**
- 4. Provide leadership through being a best practice regulator**

Most of those who responded to the consultation supported our objectives and agreed that five years is an appropriate length for this CPS. They agreed with both the process and the approach of the strategy, and many said that the theme of protecting all consumers, with a special focus on the most vulnerable, was appropriate.

The CPS will build on a strong foundation of regulatory protection which we already have in place. As well as general competition and consumer law, this existing protection includes price controls and other licence and code of practice requirements that we use to effectively regulate electricity, gas and water companies. Also, our consultation process has identified a range of separate initiatives designed to strengthen consumer protection. These initiatives make up our new five-year strategy.

Some of the initiatives are aimed at reviewing existing protection, for example the critical and special care registers, to make sure that it is still effective. There are also proposals for new protections such as back-billing procedures and a code of practice on energy theft. We also acknowledge the areas we do not regulate, such as the home-heating oil market. While we cannot directly make changes in areas we do not regulate, we can lead by example. Our minimum standards for codes of practice on issues such as complaints, customers having difficulty paying their bills, and services for people of State Pension age, or disabled or chronically sick people, make sure that the electricity and natural-gas industries lead by example.

We have summarised our existing consumer protection on the next page, along with a summary of the CPS initiatives which will build on that protection.

Consumer protection strategy 2016 – 2021

Affordability

- Draft billing and energy theft code of practices
- Review energy efficiency code of practice
- Draft back-billing procedures
- Work on energy efficiency
- Improve debt communication
- Review arrangements for consumers in crisis

Equal access

- Review care registers
- Examine accessibility issues
- Review and develop consumer involvement by network companies
- Consumers feel safer when utility services make home visits
- Review major-incident communications and learning across industries

Empowerment

- Develop education materials on switching
- Examine tenants' rights and responsibilities
- Improve tariff comparison options
- Make tariff information clearer
- Review electricity GSS and OSS
- Put in place a gas supplier of last resort
- Work on financial inclusion projects
- Improve European Consumer Checklist

Leadership

- Provide examples of best practice through codes of practice
- Take part in working groups (government and industry)
- Work on research projects
- Work with UK Regulator's Network and UK Competition Network

Existing protection

- Price controls
- Tariff reviews
- Codes of practice on energy efficiency and billing
- Market monitoring
- Market design

- Major-incident reviews
- Critical care registers
- Special care registers
- Code of practice for people of State Pension age and disabled or chronically sick people
- NI Water domestic customer charter

- Energy codes of practice on complaints and services for prepayment meters
- Marketing code of practice
- NI Water codes of practice
- Electricity supplier of last resort
- Gas and water standards of performance

- Licence conditions
- Monitoring energy security and supporting renewable energy, in line with government policy
- Working with partners in Northern Ireland such as DETI, DSD, CCNI and Trading Standards Service
- Working with partners outside Northern Ireland such as Ofgem, Ofwat and CER

Delivering the Strategy

While resource constraints prevent us from tackling all of these initiatives at once it is our current intention to pursue them in line with the following time table. Plans may alter in future years but we will be transparent about any amendments to the timings set out in the table overleaf:

Strategy objectives and timings

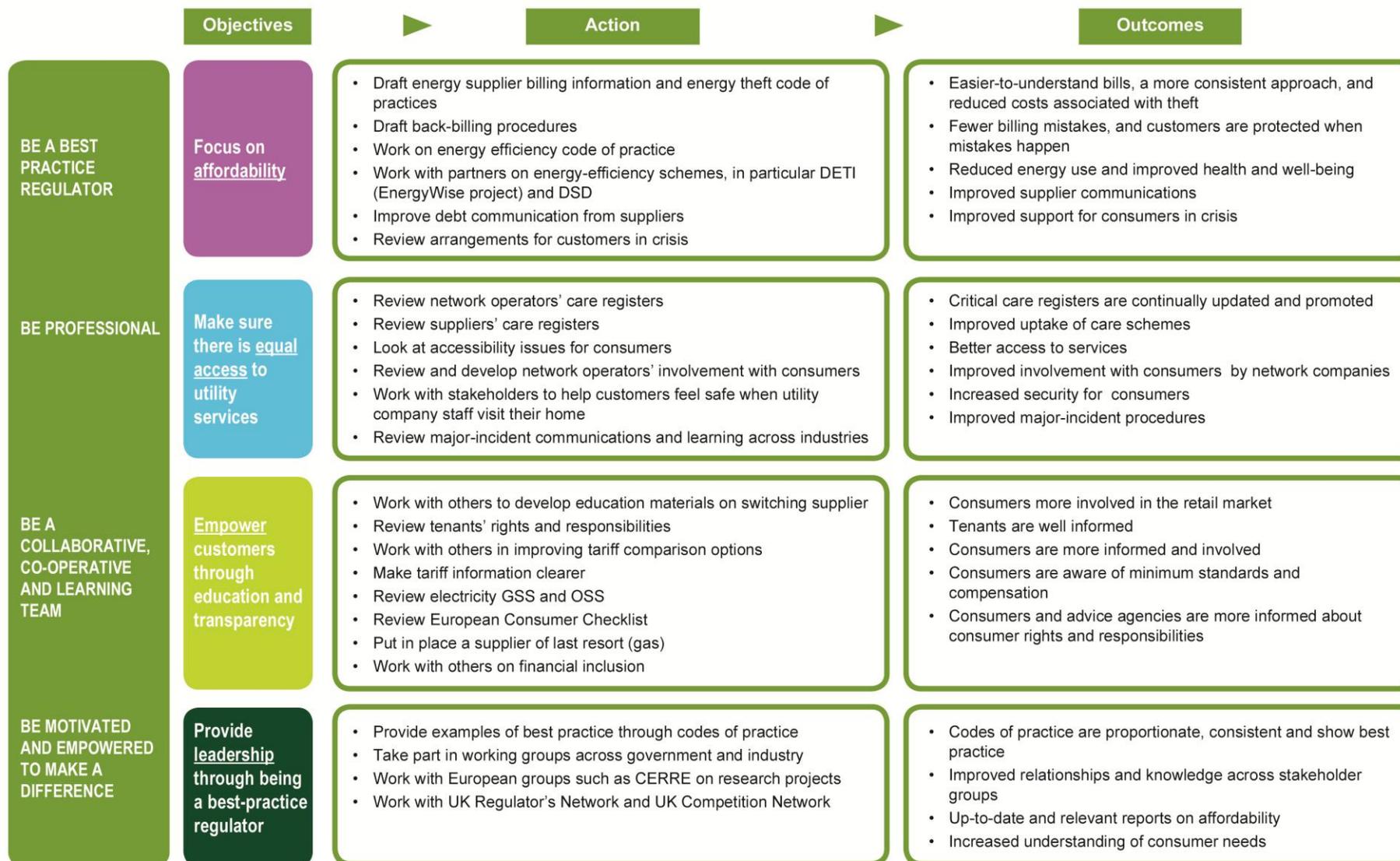
Objective	Year 1	Year 2	Years 3 to 5
<p>Objective 1: Focus on affordability</p>	<p>Deliver billing information code of practice for energy suppliers.</p> <p>Draft code of practice on energy theft.</p> <p>Work with partners on energy-saving schemes, in particular DETI (EnergyWise project) and DSD.</p>	<p>Begin work on back-billing procedures.</p> <p>Review energy efficiency code of practice requirements.</p>	<p>Work with suppliers on debt communications.</p> <p>Work with others on helping consumers in crisis.</p>
<p>Objective 2: Make sure consumers have equal access to utility services</p>	<p>Review network company critical care and customer care registers (NIE Networks and NI Water).</p> <p>Work with stakeholders to make sure customers feel safer when utility company staff visit their home.</p>	<p>Review energy supplier customer care registers.</p>	<p>Look at accessibility issues for consumers.</p> <p>Review and develop network operators' involvement with consumers.</p>
<p>Objective 3: Empower consumers through education and transparency</p>	<p>Work with others to develop educational materials on switching supplier.</p> <p>Work with others to improve tariff comparison options.</p> <p>Put in place a gas supplier of last resort.</p>	<p>Review electricity GSS and OSS.</p> <p>Review current European Consumer Checklist.</p>	<p>Work on issues for tenants' rights relating to utility services.</p> <p>Give clearer information about tariffs.</p> <p>Work with others on financial inclusion.</p>
Review following year two, to include consumer summit			
Ongoing initiatives – to run throughout the term of the strategy			
<p>Objective 2: Make sure consumers have equal access to utility services</p>	<p>We will review major-incident procedures throughout the strategy. However, in year one we will organise a communication forum between the electricity, gas and water industries to share learning and best practice.</p>		
<p>Objective 4: Provide leadership through being a best-practice regulator</p>	<p>Provide an example of best practice through codes of practice.</p> <p>Take part in working groups across government and industry.</p> <p>Work with European groups such as CERRE on research projects.</p> <p>Work with UK Regulator's Network and UK Competition Network.</p>		

Respondents to the consultation agreed that the above initiatives would have a positive impact on customers. While none of the respondents submitted specific estimates of costs for the proposed initiatives, some respondents said that UR should be mindful of the cost of regulation. The UR is mindful that in order to have a positive impact on consumers the cost associated with each project must not outweigh the benefits. However, in light of the fact that it is impossible to accurately estimate the cost of the individual initiatives until the individual projects are fully scoped, we have decided that the costs and benefits of each of the proposed initiatives will be considered again at the scoping phase of each individual project. Costs and benefits will also be considered during projects and at the decision and review phase of the individual initiatives. We will also further consider equality considerations throughout the individual initiatives. Each of the initiatives will be designed to have a positive impact on consumers.

We will conduct a review of the Strategy following year 2. To facilitate this review it is our intention to organise a consumer summit at that time. This will allow all stakeholders to give feedback on the progress of the strategy and to help UR to make any adjustments the strategy that may be necessary due to external factors and considerations, and set the timetable for the remainder of the strategy.

The activities, outputs and expected outcomes of this Strategy are summarised in the table on the following page:

Corporate Strategy objective 3: Protecting the long-term interests of all consumers



3. Introduction

3.1 Background to the Consumer Protection Strategy

3.1.1 In March 2015 the Utility Regulator published a consultation paper on a proposed Consumer Protection Strategy³. This decision paper sets out our decisions in relation to our Consumer Protection Strategy (CPS). This Strategy is aimed at domestic consumers, and has been developed following analysis of consultation responses and a review of the points made during the extensive engagement process. It is a five year Strategy aimed at providing enhanced consumer protection in relation to utility services for domestic consumers in Northern Ireland.

3.1.2 This CPS is the UR's flagship consumer protection document. It is included in our Corporate Strategy under Objective 3 "protecting the long term interests of customers" and its delivery is also noted as a key performance indicator:

Key Performance Indicator 3 for Objective 3

We have delivered the Consumer Protection Strategy and have put in place revised energy supplier Codes of Practice⁴.

3.1.3 Prior to the development of the CPS, the UR fulfilled its duty to have due regard for the protection of vulnerable customers via our Social Action Plan. This was last produced by the UR in 2009. The movement from the Social Action Plan to the CPS represents an acknowledgement by the UR that any person has the potential to become vulnerable, given a particular set of characteristics and circumstances. We also acknowledge that individual

³ http://www.uregni.gov.uk/uploads/publications/Consumer_Protection_Strategy_Consultation_-_March_2015.pdf

⁴ Page 23 UR's Corporate Strategy 2014-2019, http://www.uregni.gov.uk/uploads/publications/UR_Corporate_Strategy_2014-2019.pdf

circumstances will change overtime and therefore policies and protections need to be sufficiently flexible to help all consumers if and when they require assistance.

3.1.4 The Social Action Plan was due for review in 2012. However the UR decided to prioritise the implementation of the European Third Package on energy markets (known as IME3). IME3 is a package of European Directives and Regulations aimed at energy market liberalisation and increased consumer protection. IME3 mandated a high level of consumer protection and provided that Member States should take steps to protect vulnerable customers. As part of IME3 implementation, we utilised the work carried out under the Social Action Plan (such as debt research) as an evidence base to help design a suite of licence modifications and improved Codes of Practice. Enhanced consumer protections delivered via IME3 implementation included;

- new rules on dealing with customers having difficulty paying their bills; and
- providing protections for customers who are disabled, chronically sick or of pensionable age.

3.1.5 This CPS will seek to build on the achievements of the Social Action Plan 2009 and IME3 implementation in order to ensure consumers continue to be protected. The Strategy will represent a proportionate approach which takes into consideration what has already been achieved.

3.2 Developing the Consumer Protection Strategy – The Process

3.2.1 In order to ensure that stakeholder views were fully considered, we engaged in an extensive pre-consultation and consultation process to inform this CPS. As part of the pre-consultation process we held a number of focus groups to obtain consumer views on a variety of areas including switching and affordability concerns. We also placed questions in an omnibus survey and

held a number of interviews with key stakeholders to inform the development of the consultation document. During the consultation period, we held a workshop to provide stakeholders with an opportunity to find out more about the proposed Strategy and to highlight any concerns or further suggestions they might have. The consultation period ran for 12 weeks and the organisations that participated are listed in Annex 1 of this document.

3.2.2 The decisions in this paper are based on consideration of all opinions expressed by stakeholders throughout the process of engagement;

- during the pre-consultation phase or consultation phase;
- in writing in response to the consultation paper or verbally during the stakeholder workshop or during one to one meetings; and
- as part of a response to our Codes of Practice consultation paper⁵.

3.2.3 While awaiting responses to the CPS consultation, the UR was in the process of analysing responses to our consultation on minimum standards for energy supplier Codes of Practice. Some responses to the consultation on minimum standards for energy supplier Codes of Practice raised important issues that the UR was not able to address through the Codes of Practice. Where appropriate the UR agreed to address these issues as part of the CPS.

These issues included:

- ensuring that suppliers use an appropriate non threatening tone when dealing with customers, particularly customers who are in arrears;
- particular problems for customers in rental properties;
- network company engagement with consumers;
- energy theft;
- customer care registers;
- self disconnection among pre payment meter customers and the ability of emergency credit to help customers avoid self disconnection;

⁵ In our codes of practice decision paper we noted that a number of ideas put forward by respondents could not be progressed under the codes. In these instances we felt that it would be appropriate to consider these ideas more fully as part of our deliberations in relation to the Consumer Protection Strategy.

http://www.uregni.gov.uk/uploads/publications/Final_Codes_of_Practice_Decision_Paper.pdf

- providing leadership in relation to the unregulated energy sector (oil, coal, LPG etc); and
- procedures in relation to correcting mistakes made by suppliers and network companies which result in incorrect bills, in particular where this involves “back billing” customers to correct past mistakes.

3.3 Strategic context to the new CPS

3.3.1 The wider economic context in Northern Ireland informs the need for consumer protection in the provision of essential services such as energy and water. Below are a range of issues, taken from Northern Ireland’s Budget Statement 2015, which impact Northern Ireland utility consumers. While the UR has little ability to directly influence these factors they do impact on affordability, access to utility services and the empowerment of utility customers:

- Northern Ireland living standards have persistently lagged behind GB, due mainly to lower levels of employment and productivity;
- average household incomes remain below the UK average;
- a large proportion of the population is registered as economically inactive, with social exclusion levels above other parts of the UK. Currently there are 315,000 persons (27.1 per cent) aged 16 – 64 who are economically inactive in Northern Ireland: the highest inactivity rate of all the UK regions;
- a significant number of households have experienced intergenerational poverty or joblessness and are too removed from job readiness and the labour market;
- almost half of the working age population in receipt of incapacity benefit have been diagnosed with mental health issues; and
- the economy has historically been under-represented in higher value added sectors such as finance and business services.

- 3.3.2 In addition, fuel poverty levels in Northern Ireland are an important part of the context of consumer protection in energy and water. Northern Ireland has the highest fuel poverty in the United Kingdom. This indicates that a greater percentage of our consumer base may be having difficulty meeting the costs of adequately heating their homes.
- 3.3.3 The Utility Regulator has a number of regulatory tools to protect consumers details of which are set out in paragraph 3.4 below. This CPS Strategy will build on this foundation.
- 3.3.4 Alongside regulation, we promote competition in the energy market. When competition is working effectively it should benefit consumers in terms of downward pressure on costs and incentives on suppliers to give good customer service. In 2014 in order to assess the effectiveness of competition in Northern Ireland energy retail markets, we commissioned a study entitled 'Review of the effectiveness of competition in the Northern Ireland energy retail market'. This study indicated that due to the limited size and scale of the Northern Ireland energy markets, and the immaturity of competition, Northern Ireland could not depend on competitive forces alone to protect electricity and gas customers effectively. It therefore concluded that a strong regulatory framework is also required – including both price and non-price elements.⁶
- 3.3.5 The report endorsed the Northern Ireland model for regulating energy markets, while highlighting the ongoing challenges for competition in relatively small markets. The small size of the NI energy market was highlighted as the fundamental structural impediment to competition. The report endorsed the UR “hybrid” model of regulation stating: “the NI experience strongly suggests that regulation and competition can usefully co-exist.

⁶ Cornwall Energy, 'Review of the effectiveness of competition in the Northern Ireland energy retail market', 2014, http://www.uregni.gov.uk/uploads/publications/Review_of_the_effectiveness_of_NI_retail_markets_Final_171114.pdf

3.3.6 More generally, we consider that even vigorous competition may result in different outcomes for different consumer groups; and vulnerable customers in particular may benefit less from competition. This has been shown in many markets. Therefore, a strong regulatory framework is needed in addition to our work on promoting competition. This CPS strategy will;

- help vulnerable customers who may struggle to engage with the competitive market;
- protect vulnerable customers where competition is not effective, by means of effective regulation; and
- ensure vulnerable customers have appropriate support and services to promote equal access to utilities.

3.4 How the CPS builds on what UR already does

3.4.1 This CPS will work in conjunction with our existing foundation of regulatory instruments such as price controls, license compliance, market monitoring and our concurrent powers under general consumer and competition law. The Strategy falls under Objective 3 of our Corporate Strategy, which provides the core strategic focus for the CPS. As noted above it is part of the delivery of a Key Performance Indicator for Objective 3.

3.4.2 Everything the UR does focuses on consumer protection. Our foundation of existing regulatory tools, upon which this new additional Strategy will build, is summarised below:

- Licence Conditions – Subject to certain criteria, the Utility Regulator issues licences to those who wish to engage in:
 - electricity generation;
 - electricity or gas transmission, distribution or supply; and
 - the provision of water and sewerage services.

These licences contain requirements in relation to consumer protection and we ensure that these requirements are enforced.

- Price Controls – In relation to price paid, UR can protect customers using price controls. Price controls are used where competition is not possible (in the case of transmission and distribution networks) or not sufficiently developed (in the case of supply). Price controls seek to mirror the outcome of competitive markets so that only efficient costs are passed through to customers.

- Efficient wholesale market design - We are currently taking forward the extensive preparations needed for the new Integrated Single Electricity Market (I-SEM). These preparations are aimed at ensuring an efficient wholesale electricity market which is fully compliant with EU rules. It involves a series of stages and actions jointly delivered with the Commission for Energy Regulation (CER, the Energy Regulator for Ireland). The stages relate to;
 - electricity-trading arrangements (arrangements for how wholesale electricity is bought and sold);
 - capacity remuneration mechanism (that is the mechanism by which electricity generators are rewarded for being available to generate electricity);
 - market power (taking steps to reduce undue control by individual companies);
 - forward markets and liquidity (making sure energy can be bought effectively in the future);
 - governance (looking at how the market is run); and
 - licensing.

- Energy Supplier Codes of Practice – We ensure that consumers, and in particular vulnerable consumers, are protected in their relationship and dealings with electricity and natural gas suppliers. Conditions within the licences require Suppliers to develop and abide by a number of specified

Codes of Practice. We published minimum standards in June 2015 for the following Codes of Practice⁷;

- Code of Practice on Payment of Bills
 - Code of Practice on Provision of Services for persons who are of Pensionable Age or Disabled or Chronically Sick
 - Code of Practice on Complaints Handling Procedure
 - Code of Practice on Services for Prepayment Meter Consumers.
-
- Energy Supplier Marketing Code of Practice – We established this mandatory Code for all Suppliers, in early 2014⁸. It protects gas and electricity customers, in particular vulnerable customers, from inappropriate marketing practices. This ensures that they can make an informed, unpressurised decision on whether or not to change their energy supplier.

 - Efficient Retail Markets – We continue to work on phase 2 of the Review of Effective Competition in the Northern Ireland retail market. The UR will continue to engage in robust dialogue with industry in relation to the electricity and gas retail market, endeavouring to provide an efficient outcome for both stakeholders and consumers.

 - Market Monitoring – We continue to monitor both the wholesale and retail markets and to promote competition. We published our Retail Energy Market Monitoring⁹ (REMM) final decisions in June 2015. The Revised Monitoring arrangements will bring a new level of transparency to the retail market. Our wholesale Market Monitoring Unit (MMU) continues to support transparency in the wholesale market. As part of the I-SEM project our MMU will review practices and reporting in the new market.

⁷ http://www.uregni.gov.uk/news/view/utility_regulator_publishes_codes_of_practice_minimum_mandatory_standards/

⁸ http://www.uregni.gov.uk/uploads/publications/Information_Paper_on_clarifications_to_the_Marketing_Codes_of_Practice_June_2015.pdf

⁹ http://www.uregni.gov.uk/uploads/publications/REMM_decision_paper_-_final_amended.pdf

- Promotion of the gas industry/gas to the west – We continue to work with SGN in relation to the extension of the gas industry to the west of Northern Ireland, bringing fuel choice and helping to alleviate fuel poverty.
- Supplier of Last Resort – We have already put in place arrangements for a supplier of last resort in relation to electricity. In the year 2016-17 a major priority is to finalise and test Supplier of Last Resort protocols for gas. This will ensure that customers will continue to be supplied in the event of a supplier failure.
- Water Price Controls – Whilst NI domestic water customers are not charged a bill, non-domestic customers pay full cost reflective bills. However NI Water is subject to a price control to ensure that its costs are efficient. NI Water is currently into its third regulatory price control (PC15).
- NI Water Codes of Practice – We have approved a range of Codes of Practice, following extensive work with NI Water and The Consumer Council for Northern Ireland (CCNI) and continue to work with these bodies towards a continual updating and improvement of codes and company promises to consumers. Through the approval process we have ensured that these Codes are specifically designed to protect consumers in Northern Ireland. They include the following:
 - Dealing with leaks: - this Code of Practice covers responsibility for pipes (NI Water or the consumer), Bogus callers and complaints;
 - Billing and Metering for Non Domestic Customers:- this Code of Practice covers payment of bills, unmeasured billing, metering and charges;
 - Water Supply Services for Domestic Customers: - this Code of Practice covers water quality, customer care services, connections and works on private and public land;
 - Complaints Procedure:- this Code of Practice covers the process of making a complaint, confidentiality and escalation of a complaint; and

- Sewerage Services for Domestic Customers: - this Code of Practice covers connects to public sewers, existing and building of new sewers.
- NI Water's Domestic Customer Charter - We also worked with NI Water to develop the Domestic Customer Charter. This Charter is an over arching document which promotes awareness of the Codes of Practice and the standards of services that water and sewerage customers can expect.
- Energy Security and Renewables – We monitor the electricity and gas markets to ensure security of supply and we implement certain government policy in relation to renewables. Specific work includes administering the Northern Ireland Renewable Obligation scheme (NIRO); Renewable Energy Guarantees of Origin (REGO); Fuel Mix Disclosure calculation; and DS3, which is a project designed to ensure the further integration of renewables into the network.
- Energy Efficiency - We promote energy security and increased affordability through initiatives including the Northern Ireland Sustainable Energy Programme (NISEP) and Energy Efficiency Codes of Practice.
- Other powers - The Utility Regulator can also use other legal vires and powers to protect consumers, for example under competition law and certain consumer regulations. These powers are in addition to those which we use under the Energy Order and Water Order. Competition law is a law that promotes or seeks to maintain market competition by regulating anti-competitive conduct by companies. The UR has the authority to enforce this Law in Northern Ireland.

3.4.3 The above range of regulatory tools we already adopt to protect customers lays the foundations of UR's work. Our new 5 year Consumer Protection Strategy will build on this.

Figure 1 overleaf is a summary of existing foundations of UR consumer protection:

Existing protections in place

Affordability

- Price controls
- Tariff reviews
- Codes of practice on energy efficiency and billing
- Market monitoring
- Market design

Equal access

- Major-incident reviews
- Critical care registers
- Special care registers
- Code of practice for people of State Pension age and disabled or chronically ill people
- NI Water domestic customer charter

Empowerment

- Energy codes of practice on complaints and services for prepayment meters
- Marketing code of practice
- NI Water codes of practice
- Electricity supplier of last resort
- Gas and water standards of performance

Leadership

- Licence conditions
- Monitoring energy security and supporting renewable energy, in line with government policy
- Working with partners in Northern Ireland such as DETI, DSD, CCNI and Trading Standards Service
- Working with partners outside Northern Ireland such as Ofgem, Ofwat and CER

3.5 Equality Considerations

3.5.1 As a public authority, the UR has a number of obligations arising from section 75 of the Northern Ireland Act 1998. These obligations concern the promotion of equality of opportunity between;

- persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- men and women generally;
- persons with disability and persons without; and
- persons with dependants and persons without.

3.5.2 The UR must also have regard to the promotion of good relations between persons of different religious belief, political opinion or racial groups.

3.5.3 In the development of its policies the UR also has a statutory duty to have due regard to the needs of vulnerable consumers i.e. individuals who are disabled or chronically sick, individuals of pensionable age, individuals with low incomes and individuals residing in rural areas. Some of the above equality categories will therefore overlap with these vulnerable groupings.

3.5.4 In order to assist with equality screening of the CPS consultation paper, the UR requested respondents to comment on the equality impact of the Strategy and to provide any information or evidence in relation to the needs, experiences, issues and priorities for different groups which they felt was relevant to the implementation of any of the proposals.

3.5.5 All of the respondents who expressed a view in relation to equality felt that the CPS had the potential to have a positive impact on equality of opportunity for utility customers.

3.5.6 Based on equality screening undertaken by the UR, the UR considers that this CPS will have positive impacts for all consumers but particularly for those on

low incomes, older people and those with disabilities. Therefore, the UR considers that the Strategy does not need to be subject to Equality Impact Assessment at this stage. Further consideration will be given to the impact on equality of each of the initiatives contained within the Strategy at the individual project stage.

4. Objectives of the new Consumer Protection Strategy

4.1 Policy Background

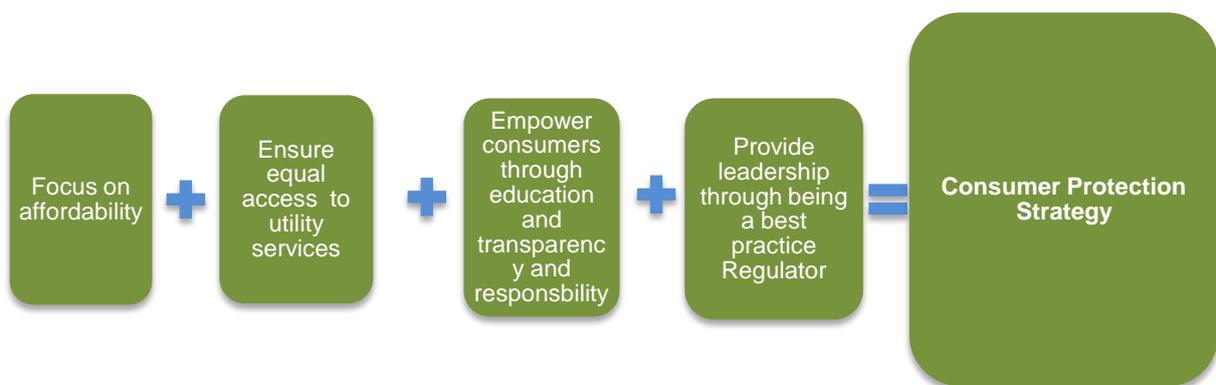
4.1.1 Following analysis of all stakeholder contributions in the pre-consultation phase and internal discussions, we identified a set of priorities which led us to develop the draft strategic objectives for the Consumer Protection Strategy (CPS) consultation. These objectives were:

1. A focus on **affordability**;
2. **Equal access** to utility services;
3. **Empowerment** of consumers through education, transparency and responsibility; and
4. Providing **leadership** through being a best practice regulator and working with others

4.1.2 In the consultation paper we stated that these strategic objectives could be achieved through both discrete, non-routine initiatives designed to address specific issues and problems and through our day to day regulatory activities, including price controls and regulatory compliance. The non-routine initiatives proposed for inclusion in the CPS were identified by the pre-consultation phase of the project. We stated in the consultation paper that we intend to work closely with CCNI and other stakeholders in developing and implementing these projects. We asked stakeholders to consider the overall approach to the development of the proposals and if they agreed with the four strategic objectives proposed. We also asked if there were any additional objectives which should be included in this Strategy.

Figure 2 below is a visual representation of the four objectives of the Consumer Protection Strategy. Figure 2 highlights how the objectives acting together produce a Strategy that will ensure a robust level of protection for domestic consumers in Northern Ireland.

Figure 2: The Consumer Protection Strategy building blocks



4.2 Responses to the consultation and other comments received

4.2.1 Respondents were in agreement with the four strategic objectives proposed in the Consultation paper. Some respondents stated that these objectives provide an opportunity to drive meaningful improvements for domestic consumers, and one respondent said that the Strategy Consultation was well focused and incorporated realistic deliverables.

4.2.2 With regard to Consumer Protection Strategy objective 3 'Empowerment of consumers through education, transparency and responsibility' some respondents noted that this objective should include the consumer's responsibility to act responsibly in relation to using energy and water supplies. Another respondent noted the need to consider cost and proportionality when

deciding which elements of this Strategy to take forward.

4.2.3 Respondents did not propose any additional objectives for this Strategy but did suggest further considerations for the Utility Regulator. These included, building a period of review into the Strategy to accommodate changes to the environment and markets and ensuring consumer communications are appropriate and focus on key messages.

4.2.4 Stakeholders who attended the workshop in May 2015 were also supportive of the proposed objectives and stated that a five year Consumer Protection Strategy was an appropriate length of time. Attendees endorsed the consultation process and in general welcomed the approach of protecting all consumers with a special focus on the most vulnerable. Additional points made by suppliers were in relation to “light touch” regulation, taking into consideration costs, monitoring and reviewing the strategy at regular intervals.

4.3 Other comments and suggestions received

4.3.1 In addition to specific comments on the proposed objectives we received a number of general comments which will be dealt with throughout this paper. Among the general comments, reference was made to acknowledging the costs involved in changing systems in response to new regulatory requirements and the need to keep these at a minimum. They also included comments on;

- encouraging innovation and competition;
- energy efficiency;
- the potential role for smart meters; and
- the role of network companies and the Integrated Single Electricity Market for the Island of Ireland (I-SEM).

4.4 UR final decision in relation to the strategic objectives

4.4.1 The UR will retain the four objectives that were consulted upon, namely (Figure 3 below):



4.4.2 We are encouraged that respondents were supportive of the process we have followed in developing this Strategy. As the majority of respondents supported the overall objectives, we intend to retain the four objectives consulted upon for this Strategy. We consider that these provide the best possible focus to achieve adequate levels of protection for domestic consumers in Northern Ireland. We will commit to an appropriate review of the Strategy, including a mid-term review after year 2 of the Strategy. This review will ensure;

- progress is being made in a timely manner;

- awareness of changes in external factors;
- any revised priorities are taken into account;
- costs and benefits are being properly considered at the individual project stage; and
- the timetable for the remainder of the strategy is appropriate.

4.4.3 We have taken on board all comments received and have developed a final list of initiatives aimed at achieving the four objectives. We will review the cost implications and associated proportionality of each individual project at the project scoping and development stage. We will also carry out appropriate engagement and consultation on each project and have scheduled them over the five-year lifespan of this Strategy. The five year timetable is detailed within this paper and was developed taking into consideration the potential system changes that may be required and possible benefits.

4.4.4 Due to the scope and scale of our business-as-usual work and the major projects identified both in this Strategy and our Corporate Plan, we have to make choices about how to best use our resources. This includes prioritising our resources to make sure we target critical initiatives. Our focus is on making sure that we apply our resources efficiently and effectively. If new priorities emerge during the period of this Strategy, we will take steps to make sure we have the resources for these. However, doing this may mean we have to delay or reduce our commitment to other planned projects.

4.4.5 We will continue to work with DETI in relation to their proposed Metering Strategy for Northern Ireland and we will adjust all our strategies and work plans to take into consideration the final decisions of this project. We will continue to monitor the progress of smart metering programmes elsewhere and will build lessons learned into our reviews of external factors that will impact this CPS.

4.4.6 Comments from respondents in relation to the I-SEM are outside the scope of this paper but will be passed to our I-SEM team for consideration.

4.4.7 The remainder of this paper will set out the responses in relation to the specific activities under each of the proposed objectives. We have taken into consideration all representations to the UR in relation to the CPS including consultation responses and submissions made to our consultation on minimum standards in relation to Energy Supplier Codes of Practice. Where we were unable to progress points made by respondents to the Energy Supplier Codes of Practice paper within the Codes of Practice we made a commitment to, where possible, follow up these points in this CPS.

4.5 Measurement and review of the Consumer Protection Strategy

4.5.1 As previously stated, the CPS will be delivered under the UR's Corporate Strategy Objective number 3 – "protecting the long-term interests of both domestic and business consumers". We will use a number of key performance indicators to ensure this Objective is achieved. One of these key performance indicators is, "Customer research shows a high level of satisfaction with customer-protection measures and how consumers are able to make informed decisions".

4.5.2 We will review the CPS in Year 3. In order to do this, the UR will set aside a budget for this work in financial year 2018/19. Our key indicators for success will be as follows;

- individual initiatives are carried out on time, or have been rescheduled for good reason;
- any necessary adjustments are made to the Strategy in order to take external factors taken into consideration;
- impact analysis of individual initiatives demonstrate positive consumer impact of each individual initiative;
- attendees at the Consumer Summit report positive impacts from the strategy to date; and

- Customer research shows a high level of satisfaction with customer-protection measures and how consumers are able to make informed decisions.

4.5.3 We will monitor this Strategy at appropriate intervals and will carry out a mid-term review of the Strategy following year 2 of the Strategy. This will include a consumer summit and other transparent engagement with stakeholders and it will be informed by a research based survey with consumers.

5 Objective 1: Focus on Affordability

5.1 Policy Background

5.1.1 As a Regulator our key role regarding affordability is to protect consumers in relation to price and quality of service, as well as supporting efficient investment by energy and water companies. We do this through our core activities such as price controls, market design and licence enforcement. These activities are covered in our Corporate Strategy Objectives 1 and 2, Promoting Effective and Efficient Monopolies, and Promoting Competitive and Efficient Markets (see Section 3.4 of this paper).

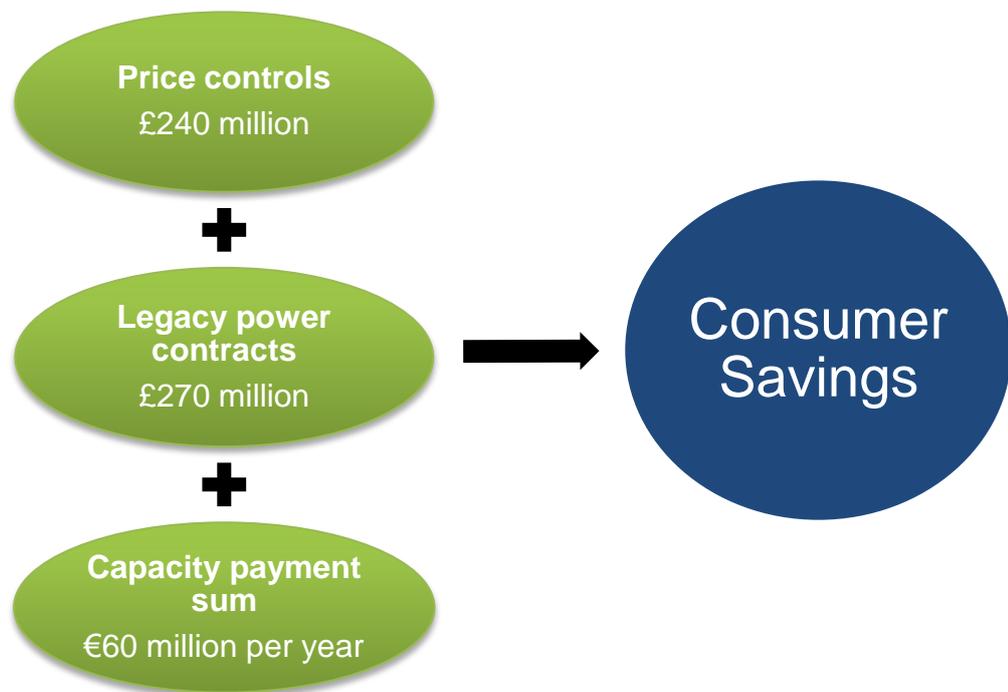
5.1.2 The purpose of these core activities is to ensure that the bills consumers pay reflect the efficient and justified costs necessary to provide an appropriate standard of service. Since 2009 we have approved at least £1.3 billion of efficient investment in networks and we have saved more than £240 million of costs to consumers through price controls¹⁰. These costs would otherwise have led to higher bills for consumers. Our cancellation of legacy power agreements is expected to save consumers at least £270 million¹¹. This year along with our counterparts in Ireland (CER), we have reduced the overall wholesale market capacity sum by €60 million per year¹². The impacts of these activities are shown in figure 4 below.

¹⁰ Utility Regulator Corporate Strategy 2014-2019, page 14

¹¹ Utility Regulator Corporate Strategy 2014-2019, page 14

¹² SEM Committee <http://www.semcommittee.eu/GetAttachment.aspx?id=608f00a2-1cd3-41fc-bce8-532fb75f0904>, page 6

Figure 4 Consumer Savings



5.1.3 The Consumer Protection Strategy (CPS) initiatives that are proposed under this objective are additional to our core activities. The combination of the Strategy initiatives and our core activities is designed to produce an appropriate level of protection for consumers in Northern Ireland.

5.1.4 Energy theft is an issue that has been brought to the UR by both consumer agencies and industry. Energy theft impacts affordability for two reasons; firstly electricity and gas theft imposes a cost on all other customers; secondly when the individual concerned is caught they are required to repay the amount stolen and also cover a range of costs associated with remedying the theft and replacing equipment damaged by the theft. Energy theft also raises a number of health and safety implications associated with tampering. Therefore we propose the implementation of a Code of Practice on Energy Theft (to build on or replace existing licence conditions). A Code on Energy

Theft could have elements for supply companies, for network companies, and also be used to reinforce consumers own responsibilities on this matter. It will establish best practice and ensure that best practice is used across the energy companies.

5.1.5 There is also evidence that affordability issues could be mitigated by interventions at the right time and in the right tone. For example customers are more likely to respond to correspondence and seek help if the correct tone is used. This is why the CPS consultation proposed work in relation to debt communications and reviewing arrangements for consumers in crisis. When we refer to consumers in crisis we mean those individuals who are experiencing a change in their personal circumstances, for example a termination of employment that has resulted in an inability to pay utility bills or an illness that has changed their personal circumstances.

5.1.6 In summary the CPS consultation proposed that in addition to price controls and the other work listed in Section 3.4 of this paper, this CPS objective of “Focus on affordability” would bring forward the following initiatives:

- **Develop billing/statement clarity for suppliers**
- **Develop Code of Practice on energy theft**
- **Work with suppliers on debt communication**
- **Reviewing arrangements for consumers in crisis**

5.1.7 Each of the above proposals are additional initiatives designed to improve affordability by, for example;

- making it easier for customers to manage their bills through better information (billing/statement) clarity;
- making it easier for customers to communicate with their supplier at difficult times (debt communication, consumers in crisis); and
- making it less likely that the customer will make their own situation worse and impose a cost on others through energy theft.

Responses to Consultation and other Comments received during the Consultation Period

5.2 Develop billing/statement clarity for suppliers

5.2.1 Some respondents reported that consumers often struggle to understand their energy bills and suggested that there should be consistency of layout between suppliers to allow comparison and ease of understanding on switching.

5.2.2 Many respondents agreed that there was a need for a Billing Code of Practice to improve the clarity of information in bills and statements. Further to this, several respondents stated that they believed that a Billing Information Code of Practice would be an effective tool in reducing consumer utility debt; while other respondents called for a 'non-prescriptive' approach to be taken by the UR to any Code of Practice for Bills, stating the need for commercial organisations to maintain uniqueness in a competitive market.

5.3 Develop Code of Practice on Energy Theft

5.3.1 Respondents commented that energy theft was an issue of growing significance for both energy companies and consumers alike. There was support for the development of a Code of Practice on Energy Theft which would clarify the repayment processes for consumers who have tampered with their meter and ensure that health and safety risks are minimised. Respondents felt that this could benefit both the consumer and the supplier.

5.3.2 A number of responses raised the issue of consumer responsibility in regards to debt incurred through the theft of energy. They stated that the development of any Code of Practice on Energy Theft must outline the responsibilities of all parties involved. There was a call for the UR to facilitate energy companies in Northern Ireland to raise awareness of the dangers of meter tampering and to help develop similar processes across the energy industries for dealing with meter tampering and energy theft. Many respondents believed this form of

action to be appropriate and necessary due to the increasing scale of the problem and the growing burden this places on all other customers.

5.3.3 Some respondents suggested that a rollout of smart meters would reduce the level of energy theft while others recommended a public health and safety campaign to change consumer attitudes to energy theft. At the workshop, attendees suggested that there should be a campaign educating consumers that meter tampering is theft. Other stakeholders suggested that action should be taken and that some people should be prosecuted. Stakeholders also stated that a consistent approach from suppliers on energy theft was necessary and suggested that any Code that was introduced should be enforceable.

5.3.4 One respondent also said that tampering increases the level of indebtedness for the customers concerned. This respondent cited their own evidence that customers in debt due to tampering are repaying debt at levels above the agreed debt repayment cap of 40%¹³. They suggest that vulnerable consumers, even those involved in theft, should be offered an affordable repayment plan to ensure that their utility supply is not disrupted.

5.4 Work with suppliers on debt communications

5.4.1 The majority of respondents believed that encouraging early and proactive consumer engagement in relation to debt was essential to achieving the best outcomes for both consumers and suppliers.

5.4.2 Throughout the various stages of the pre-consultation and consultation process, there was a continuous call for clear communication with consumers in debt. Many responses stated that clear communications are essential to help those in debt and ensure they are aware of, and can access, free independent debt advice. Some highlighted the importance of determining

¹³ The 40% cap means - 40% per vend for customers repaying debt through a pre payment meter. This means that for a customer purchasing a £10 top up for their pre payment meter, a maximum of 40% would go towards repaying the debt.

when a consumer is deemed to be in debt; suggesting that information should be provided as soon as one payment is missed prompting the consumer to take action before a sizeable debt is built up.

- 5.4.3 Another stakeholder stated that Pay As You Go [also referred to as pre payment metering] is a positive solution for consumers, with little stigma attached to it in Northern Ireland. This respondent called for improved communications and engagement between stakeholders on the benefits of pay as you go metering and their use in prevention of debt accrual.
- 5.4.4 Respondents also agreed that improved debt communications was important with clear communications being essential to get people in debt “back on track”.
- 5.4.5 One respondent noted that debt communication should be a key priority of the Strategy. This respondent acknowledged that the first point of contact should be the supplier if a consumer is struggling to pay their bill but stated that the reality is often that the customer may be reluctant to take this course of action. They called for greater awareness of the Code of Practice on consumers having difficulty in paying their bills in order to further empower and educate consumers.

5.5 Reviewing Arrangements for consumers in crisis

- 5.5.1 Generally, the utility companies that participated in the CPS consultation stated that they would wish to be as supportive as they could be to those consumers who found themselves in a crisis situation. However, there was discussion around the appropriate level of support that should or could be given by utility companies to domestic consumers in crisis situations. Some respondents suggested prompter action to help those consumers in crisis.
- 5.5.2 Other responses said that the opportunity to develop this work with the UR and the wider energy industry would be welcomed. They also stated that it was important that the outcomes of any activities developed under the CPS

are balanced with the cost of undertaking them as ultimately these costs are met by all consumers. It is important that benefits outweigh the costs of any activities.

5.5.3 Another respondent said that they would welcome further discussion with UR on the definition of vulnerability. This respondent said that consumers on low incomes are not included in the definition of vulnerability used in the gas supply licences.

5.5.4 The permanency of vulnerability was raised, one respondent stated that utilities can only hold accurate information at a given snapshot in time and network operators are very reliant on information from suppliers. This respondent's view was it would be difficult to see how utilities could be aware of changing circumstances, therefore the onus has to be on the customer to contact the supplier.

5.6 Other comments received in relation to affordability (in response to this consultation and via other communications)

5.6.1 The cost of Regulation: Some energy suppliers commented on the cost of complying with regulation and the fact that these costs are passed on to consumers, thus the cost of regulation is linked to affordability. One supplier referred to the higher cost per customer of implementing regulatory change in Northern Ireland due to the small customer base. This stakeholder called on the UR to consider all proposals in terms of the requirements (on regulated companies) and cost when making final decisions. This respondent asked that revisiting requirements following implementation doesn't happen unless absolutely necessary.

5.6.2 Energy Efficiency: Many respondents to the consultation raised the issue of energy efficiency and linked it to affordability concerns for domestic energy consumers. These respondents stated that improved household energy efficiency reduces the overall cost to the household for heating their homes. One respondent said that the potential annual saving can be sufficient to take

many households out of fuel poverty and allow for adequate heating levels in the home. One stakeholder stated strongly that energy efficiency should be the core focus of the UR's work in relation to affordability. This stakeholder said that the UR should be best placed to ensure the benefits of energy efficiency are communicated across utilities and Government Departments. This respondent stated their support for the introduction of an Energy Efficiency Obligation in Northern Ireland. But they warned that Northern Ireland should avoid passing on the costs of any Energy Efficiency Obligation to consumers, stating that such a scheme must include targeted measures specifically for fuel poor households.

5.6.3 Back billing: - Although not raised in response to the CPS consultation, respondents to the UR's consultation on Energy Supplier Codes of Practice¹⁴ raised the issue of back billing. This is where a supplier bills a customer for energy used in the past during a period in which a billing or metering error occurred i.e. in the past the customer received bills which were incorrect. The customer paid the incorrect bill and the supplier now wishes to correct the error by sending a further bill for an additional amount. Having considered all the comments received to the Code of Practice consultation we considered that the issues should be progressed via a separate project under the CPS under the affordability objective.

5.6.4 Price Controls: - Power NI said that they believe that "maintaining an electricity retail price control is at odds with being a best practice regulator".

5.7 UR consideration of responses and final decisions in relation to Focus on Affordability

5.7.1 We have given due consideration to all the issues raised during and prior to the consultation, including those raised by respondents to the Codes of Practice consultation paper¹⁵. In relation to comments received regarding the

¹⁴ http://www.uregni.gov.uk/uploads/publications/Codes_of_Practice_Consultation_paper_-_April_2014.pdf

¹⁵ http://www.uregni.gov.uk/uploads/publications/Final_Codes_of_Practice_Decision_Paper.pdf

cost of regulation, we are committed to ensuring that our work is proportionate in relation to the benefits to customers and where necessary we will include cost impact assessments as part of individual initiatives. We believe that the combination of the Strategy initiatives and our core activities will achieve appropriate levels of consumer protection in Northern Ireland.

5.7.2 We are encouraged that there is strong support for the development of a Billing Information Code of Practice, a Code of Practice on Energy Theft and improved debt communications. We also note the need for further work on billing clarity, and improving debt communications, which were highlighted by responses to our Codes of Practice consultation paper (see our decision paper published June 2015 for further information)¹⁶. In relation to the Billing Information Code of Practice, we acknowledge that there may be costs associated with changing the format of bills or changing billing systems. Therefore we propose to work with all suppliers regarding the timing and extent of any changes that may be necessary.

5.7.3 In relation to points raised on the issue of theft, any Code of Practice on Energy Theft will consider the implications for all parties affected. We consider that energy theft issues in Northern Ireland need to be dealt with by applying best practice principles that are developed in conjunction with stakeholders, and are mandated for the relevant suppliers and network companies. We also concur that customers have a responsibility to minimise theft, and we will work with industry and CCNI to reflect this. Our intention at this stage is that the Code of Practice on Energy Theft will be mandatory and set out the required behaviour for both supply and network companies and will have a focus on consumer responsibility. It will thus mirror similar Codes in the GB energy market, but also reflect the particular circumstances in Northern Ireland in terms of industry processes and metering technologies.

5.7.4 While most responses in relation to dealing with consumers in crisis recognised the importance of this work, others pointed out:

¹⁶ http://www.uregni.gov.uk/uploads/publications/Final_Codes_of_Practice_Decision_Paper.pdf

- constraints in relation to identifying which customers need to be helped;
- cost associated with helping consumers in crisis; and
- the ability of some metering systems to identify or deal with the individual needs of customers.

Despite these concerns we remain convinced that this is a worthwhile project to scope. This will allow us to examine areas where improvements can be made. We do not envisage that this will be a mandatory process. Rather we consider that UR will engage with stakeholders to develop best practice principles and help companies to take voluntary actions.

5.7.5 The UR considers that all of the initiatives proposed in the consultation under this objective are worth pursuing and that the potential constraints identified by respondents should be taken into consideration as part of the individual initiatives. Three additional initiatives have been added to the Affordability Objective due to priorities and proposals identified during the consultation period. They include:

- Scoping work in relation to Back Billing protocols:- This was included in this Strategy due to points made by respondents to our Codes of Practice paper.
- Work with partners regarding energy efficiency in Northern Ireland:- In particular work with DETI in relation to their project on an EnergyWise Scheme and work with DSD in relation to their energy efficiency work. This was added due to comments received in relation to the important impact energy efficiency has on affordability.
- Energy Efficiency Code of Practice:- Again this was added due to comments made regarding the important impact energy efficiency can have on affordability. While licensed companies are already required to have an Energy Efficiency Code of Practice in place, we intend to carry out a review of this requirement and develop accompanying minimum standards.

- 5.7.6 In relation to Power NI's comment on retail electricity price controls, this will be examined further in our project on "Phase 2 of the Review of Effective Competition in the Northern Ireland" (details on this retail market project are included in paragraph 3.4 of this paper). We will also take this comment into consideration during Power NI's next price control. The UR will continue to engage in robust dialogue with industry regarding all price controls; endeavouring to provide an efficient outcome for both companies and consumers. Price controls are included in our Corporate Strategy and Forward Work Plan. For information on our price control timetables see Annex 3 of this paper.
- 5.7.7 While resource constraints prevent us from tackling all of these initiatives at once it is our current intention to pursue them in line with the following time table. Plans may alter in future years but we will be transparent about any amendments to the timings set out in the table below:
- 5.7.8 The costs and benefits of each of the proposed initiatives above will be considered as part of the individual project, as will any further equality considerations. Stakeholders were asked about the impact of the Strategy on customers. Those who responded to the question said that there would be a positive overall impact. Some suppliers made general statements in relation to costs. However, as it is impossible to give specific costs for each individual project before the scoping phase of the individual project, UR have decided to carry out further analysis of costs on a project by project basis. Each of the initiatives will be designed to have a positive impact on consumers. Expected outcomes from these activities are listed as follows:

Objective 1: Focus on affordability

Project	Year 1 2016- 2017	Year 2 2017- 2018	Years 3 to 5 (Review in year 2 will set the priorities for years 3 to 5)	Outcomes
Billing information code of practice for energy suppliers	✓			A best-practice approach to delivering clearer and easier-to-understand bills and which allows consumers to take control of their energy use and recognise mistakes in bills.
Code of practice on energy theft	✓			A reduction in costs associated with theft, as these costs are shared by all consumers. A best-practice approach to preventing, detecting and dealing with theft. A greater awareness of consumers' responsibilities.
Work with partners on energy-saving schemes, in particular DETI (EnergyWise project) and DSD	✓	✓		Homes are more energy efficient. Customers are warmer and spend less on energy bills. Less carbon pollution.
Begin work on back-billing procedures		✓		Fewer instances where mistakes in bills lead to large bills that date back over several years, and a more consistent approach to correcting mistakes in bills that date back over a long period.
Review energy efficiency code of practice		✓		Consumers become better informed and able to manage energy-efficiency improvements.
Work with suppliers on debt communications			✓	Consumers in financial difficulty contact their supplier earlier, so avoiding debt (and the supplier avoids bad debt).
Work with others on helping consumers in crisis			✓	Consistent services and improved support for consumers at critical times such as when dealing with illness, death in the family, or losing a job.

6 Objective 2: Ensure Equal Access to Utility Services

6.1 Policy Background

6.1.1 An important element of utility regulation is to promote equality of access to services for consumers. We will continue to work to ensure that all domestic consumers have appropriate access to the services they need. The Consumer Protection Strategy (CPS) initiatives that are proposed under this objective are additional to the core activities and duties that the UR already carries out. We believe that the initiatives outlined in the CPS will act to further enhance the work that is already undertaken by the UR.

6.1.2 Section 75 of the Northern Ireland Act places a duty on all public authorities to have due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations between different categories. We aim to promote equality of opportunity between nine categories of persons, namely between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation; between men and women generally; between persons with a disability and persons without; and between persons with dependents and persons without. In addition to the duty placed on public authorities, under Section 75 of the Northern Act, the UR has responsibilities to ensure access in provision of utility services under the Energy Order. The UR has sought to ensure that we are fulfilling these duties as set out by both the Northern Ireland Act and the Energy Order. We already have licence conditions relating to services for those who are of pensionable age, chronically sick or disabled and as part of our work under IME3 we added a definition of disability to all licences.

6.1.3 The UR CPS consultation proposed work in relation to customer care registers as a fundamental part of promoting equal access to utility services.

This was because our pre-consultation research revealed that few customers were aware of the customer care registers. There are a number of different registers in use, each designed to offer a different level of support depending on need:

- NIE's Critical Care Register is targeted towards those customers who are dependent on life supporting electrical equipment. Customers on this register will receive up to date information by phone during a power cut or a planned interruption.
- NI Water's customer care register offers a range of free additional services if you are an older consumer, have a serious medical condition or need extra help for any other reason.
- All domestic gas and electricity suppliers provide a Customer Care Register. Customer Care Registers provide a range of additional services appropriate to the individual circumstances of domestic customers. Customers eligible to be included in a Customer Care Register are those of pensionable age, those who have a disability disabled (including those who have hearing or sight impairments) and those with a chronic illness.

6.1.4 Our consultation also proposed that we do further work in relation to a wider examination of accessibility issues. This was because our pre-consultation exercise revealed confusion in relation to provision for those with the disabilities, for example in relation to special controls and adaptors and the placement of meters where those with disabilities can access them. A review of engagement by network operators was proposed as a number of those involved in the pre consultation raised the point that consumer protection is an issue for network companies as well as suppliers. Stakeholders suggested that the CPS should include work on how network operators can better develop relationships with customers, through for example network codes of practice.

6.1.5 A review of major incident communications was also suggested by stakeholders during the pre consultation exercise. The following is a summary of the proposals contained in the Consultation:

- **Review the Critical Care and Customer Care Registers;**
- **Examine accessibility issues for consumers;**
- **Review and develop consumer engagement by network operators;**
- **Investigate major incident communications and protocols.**

Responses to the consultation and other comments received

6.2 Reviewing Critical Care and Customer Care Registers

6.2.1 Many respondents felt that this Strategy presented a valuable opportunity to collaborate with others on critical care and customer care registers and improve communication during major incidents. A number also felt that a review of NIE's Critical Care Register and other customer care registers was an essential activity for the UR to undertake as part of a CPS. Of particular importance would be to raising awareness and promoting uptake of registers.

6.2.2 Other points noted by respondents included:

- Minimum standards regarding the promotion of care registers should be developed;
- Despite the best efforts of utility companies uptake of care registers remains low; and
- A definition of vulnerable should be developed in relation to the use of care registers.

6.3 Examining accessibility issues for consumers

6.3.1 Many respondents stated their support for the inclusion of an objective to ensure equal access for all domestic consumers. However, some respondents requested that the cost implications of providing additional controls and increasing accessibility for consumers must be considered by the UR; with recognition that these costs must be reasonable for the supplier and

that the consumer must be made aware of the costs associated with such services.

- 6.3.2 One stakeholder suggested that a good option would be for UR to adopt the principles of universal design. This is a design concept which states that products and services should be designed from the conception stage to be accessible to the widest number of people.

6.4 Reviewing and developing consumer engagement by Network Operators

- 6.4.1 One respondent stated that with regard to developing a Code of Practice for network operators, the UR should be aware of the current contractual relationship between energy suppliers and energy network operators, particularly in relation to metering and data collection. This respondent said that the service level commitments for energy network companies lacked meaning. The respondent went on to ask the UR to strengthen the provisions within industry contracts to improve network company performance in this area.
- 6.4.2 Some responses cited the need to ensure that staff, from both energy network and supply companies, that need to enter the homes of vulnerable consumers should be adequately trained. They suggested that this would increase the level of protection for both domestic consumers and industry staff.
- 6.4.3 One respondent acknowledged that the consultation referred to growing the gas network but said that there was a lack of information on the role that grants play in enabling consumers to convert from oil to gas, especially those consumers from lower socio-economic backgrounds. They asked that a key aim should be to increase connections to the existing gas network.

6.5 Major incident communications

6.5.1 Many responses noted that this Strategy presented a valuable opportunity to collaborate with others to improve communication during major incidents.

6.5.2 Another stakeholder suggested that the UR should remain mindful that many network companies have implemented a number of innovations on the network and continue to seek improvements for the benefit of consumers particularly when a major incident has taken place.

6.5.3 One respondent asked that the UR remember that major incidents affect different industries in different ways; thus consumer education in this regard may be beneficial. They suggested the UR should encourage regulated companies to learn from one another in the area of customer care and education. The respondent said that the UR should use examples of best practice on a cross-sectoral basis within Northern Ireland.

6.6 Other comments received in relation to equal access (both in response to this consultation and via other communications)

6.6.1 One of the respondents to the consultation raised the issue of staff training for utility staff when they visit the homes of vulnerable customers. During the consultation period, officials from the office of the Commissioner for Older People in Northern Ireland (COPNI) visited the UR along with a representative of the PSNI. They wished to discuss how we could improve the level of certainty and security that vulnerable customers feel when utility staff visit their homes. One idea discussed was the “Quick Check” scheme, which enables customers to phone a single dedicated phone number if someone calls to their home claiming to be from a utility company.

6.7 Final decisions in relation to Equal Access to Utility Services

- 6.7.1 We have considered the feedback from respondents and also taken into account points made by the PSNI and Commissioner for Older people. We are encouraged by the level of support for the proposals and the number of organisations which provided specific information and positive suggestions regarding the individual proposals. We have included all of the original proposals on equal access to utility services in this Strategy and have added one additional action in relation to customer confidence when utility staff visit their homes (this is prioritised for year 1 of this Strategy). This additional activity was added due to points made by respondents about utility staff visiting vulnerable customers in their own home and due to comments made by the PSNI and the Commissioner for Older People. We further noted that some of the respondents to our Codes of Practice paper also asked for more work on how network companies engage with consumers, particularly when they visit a vulnerable person's home.
- 6.7.2 We also noted the level of support for our proposal to review critical care and customer care registers. Due to the differences between the type of services offered by network and supply companies we have decided to split this work into two separate projects. While we note that the network companies have already carried out good work in this area, the feedback we have received regarding take up rates and awareness of services offered by network companies suggests that this is a priority issue. Therefore we have decided that during year 1 we will embark on a review of network company critical care registers (to include NIE and NI Water), and in year 2 we will look at other customer care registers. We will aim to ensure that the registers are appropriately publicised and fit for purpose.
- 6.7.3 Major incident protocols are reviewed after a major incident has occurred. This existing review mechanism provides an opportunity for continuous learning and, therefore, it will be an ongoing action for the five years of this CPS. In response to calls for more cross industry learning, we will promote

communications between the electricity, gas and water network companies to facilitate cross industry learning and sharing of best practice in year one of the strategy.

- 6.7.4 Regarding the point made by one respondent about controls and adapters¹⁷, we consider that reasonable adjustments to ensure access to utility services are a fundamental part of utility provision. All utility providers should be aware that ensuring consumers have access to utility services is a core responsibility, not an “add on”. Key to this will be to ensure that requirements are necessary and appropriate. Universal design principles, noted by one respondent, will help with this but it may still be necessary to provide additional help for some customers. As part of our review of accessibility issues for customers we will consider all options in relation to how accessibility can be improved.
- 6.7.5 We also consider the suggestion that utility companies should learn from one another is a good one. Indeed sharing of best practice between electricity, gas and water will be a fundamental part of many of the CPS actions. We have added a cross industry communications element to our action on major incident protocols. In the UR, we have already undertaken an internal organisational restructure so that the cross fertilization of ideas and skills between the electricity, gas and water industries can be better facilitated. As part of our CPS ‘Objective 4 Leadership’, we have included an action on a Consumer Summit. This will also provide a further opportunity for cross industry learning.
- 6.7.6 Regarding the comment on promotion of the gas network connections, this is taken into consideration in gas network price controls. Where appropriate it will also be built into our work on energy efficiency. (See Objective 1, Chapter 5 of this paper – focus on affordability.)

¹⁷ See paragraph 6.3.1 above “the cost implications of providing additional controls and increasing accessibility for consumers must be considered by the UR; with recognition that these costs must be reasonable for the supplier and that the consumer must be made aware of the costs associated with such services”.

- 6.7.7 Proportionality and cost implications are considered in all our work and we will carry out cost benefit analyses of the individual initiatives and proposals as this Strategy is implemented. Other comments made by respondents in relation to individual initiatives will be considered as part of the project scoping.
- 6.7.8 While resource constraints prevent us from tackling all of these initiatives at once it is our intention to pursue them in line with the following time table
Plans may alter in future years but we will be transparent about any amendments to the timings set out in the table below:
- 6.7.9 The costs and benefits of each of the proposed initiatives above will be considered as part of the individual project, as will any further equality considerations. Stakeholders were asked about the impact of the strategy on customers. Those who responded to the question said that there would be a positive overall impact. Some suppliers made general statements in relation to costs, however as it is impossible to give specific costs for each individual project before the scoping phase of the individual project, UR have decided to carry out further analysis of costs on a project by project basis. Each of the initiatives will be designed to have a positive impact on consumers. The expected outcomes are as follows:

Objective 2: Make sure there is equal access to utility services

Project	Year 1 2016-2017	Year 2 2017-2018	Years 3 to 5 (Review in year 2 will set the priorities for years 3 to 5)	Outcomes
Review network company critical care and customer care registers (NIE Networks and NI Water)	✓			Consumers are more aware of the critical care and customer care registers.
Work with stakeholders so that customers feel safe when utility company staff visit their home	✓			Customers feel more secure when a member of staff from a utility company visits their home (for example, to read the meter).
Review energy supplier customer care registers		✓		Improved uptake of supplier customer care registers.
Look at accessibility issues for consumers			✓	Better access to services for all consumer groups.
Review and develop consumer involvement by network operators			✓	Improved consumer involvement and protection.
Review major-incident communications and promote learning across industries	This will be ongoing throughout the strategy. However, in year one we will organise a communication forum between the electricity, gas and water industries to share learning and best practice.			Best practice on major incidents is shared between the electricity, gas and water industries and regulators.

7 Objective 3: Empowerment of Customers through Education, Transparency and Responsibility

7.1 Policy Background

7.1.1 The UR believes the empowerment of consumers is essential for the effective functioning of the Northern Ireland energy retail market. We work in partnership with a number of organisations in this area. In particular we have established memorandums of understanding with the Consumer Council for Northern Ireland (CCNI, which has a statutory remit to represent the interests of electricity, gas and water customers) and the Northern Ireland Trading Standards Service. We wish to build upon this partnership working that we are involved in.

7.1.2 In order to encourage the empowerment of consumers through education, transparency and responsibility our Consumer Protection Strategy (CPS) consultation proposed the following:

- **Work with others to develop education on switching.**
- **Work on issues of tenant rights in relation to regulated utility services.**
- **Work with others in improving tariff comparison options.**
- **Increase tariff transparency.**
- **Develop and review Guaranteed Standards of Service (GSS) and Overall Standards of Service (OSS) for electricity customers.**

7.1.3 The above proposals were included in our CPS consultation because our pre-consultation research highlighted:

- a lack of awareness among consumers of competition and switching;
- a lack of understanding of tariffs and offers; and
- a lack of awareness in relation to rights and standards.

Responses to the consultation and other comments received

7.2 Developing education on switching energy supplier

- 7.2.1 One respondent welcomed the focus on empowerment but stated there should be a greater emphasis on impartial advice and the provision of in-depth support for vulnerable consumers, which should be delivered outside of government and utilities.
- 7.2.2 Many respondents expressed their support for continuing consumer education and increasing customer awareness and knowledge of the switching process. It was suggested that more could be done in regards to the provision of adequate tools and resources to support consumers in the switching process. In addition to this respondents sought the establishment of an information campaign aimed at domestic consumers to increase consumer switching levels.
- 7.2.3 One respondent questioned the role of switching in improving affordability for consumers; instead they referred to the current price regulation carried out by the UR as the more effective means of addressing affordability concerns. They requested that a robust regulatory framework co-exist with the provision of clear switching information.
- 7.2.4 Another respondent stated that a low switching rate, as evidenced in Northern Ireland, should not be seen as a robust indicator of consumer disengagement with the retail market. Rather, they suggested that the low level of switching could be due to consumers making an active choice to remain with their current supplier.

7.3 Working on issues for tenant rights

7.3.1 Many respondents welcomed the proposed review of guidance for tenants and landlords in relation to regulated utility services.

7.3.2 One stakeholder stated that increased engagement with the private rented sector should be a vital part of the CPS. Indeed, they suggested that such engagement would be essential in order to promote positive outcomes in regards to switching and uptake of energy efficiency grants.

7.3.3 One respondent stated that clarity is needed around the roles and responsibilities of suppliers, tenants and housing providers; this should be the aim of any guidance provided by the UR.

7.3.4 Another respondent raised the issue of older people's accommodation. They stated that any approach taken should be consistent with other existing government policies such as Transforming Your Care. The increase in domestic based elderly care will lead to an increased energy consumption pattern for many older people being cared for at home. This respondent suggested that the possibility of an older person's tariff or capping mechanism should be investigated by the UR.

7.4 Working on tariff comparison options

7.4.1 While some respondents highlighted that certain private individuals in Northern Ireland have already developed on-line price comparison websites, there were a number of responses which called for the further development of tariff comparison tools for Northern Ireland domestic consumers.

7.4.2 One respondent suggested the creation of a centralised energy price comparison site funded by the public sector. There were also calls from a number of respondents to ensure that tariff comparison information would be accessible from a number of different sources, for example factsheets/leaflets

and a free telephone helpline. These respondents said they wanted the UR to be mindful of the number of households who do not have access to the internet. They stated that this obstacle must be overcome as the majority of households who have no internet access are already economically disadvantaged.

- 7.4.3 However, one respondent stated the promotion of comparison tools, whilst incumbent suppliers are price controlled, could be seen as discriminatory and contrary to the European drive to create a “fair and level playing field” for suppliers in Northern Ireland.

7.5 Increasing tariff transparency

- 7.5.1 While few respondents commented on this proposal in detail; one respondent said that customers value information on prices which they can easily access, understand and compare without too much difficulty or inconvenience. This respondent said they believe simple pricing options will best engage customers in energy market.

7.6 Developing and reviewing Guaranteed Standards of Service (GSS) and overall Standards of Service (OSS)

- 7.6.1 One respondent from the electricity industry sought clarification on GSS, seeking to know exactly its purpose and proposed use in Northern Ireland. Another stated that in regards to both GSS and OSS the focus was almost primarily on the network operators performance and therefore any review or development of GSS and OSS must be considered alongside enhancements to the ‘common services’ contractual relationships.
- 7.6.2 A respondent from the gas industry stated that they saw no merit in the reviewing or updating of policies for GSS and OSS as the gas arrangements have so recently been reviewed. Rather, they suggested it would be more appropriate for the UR to ensure adequate reporting mechanisms are in place for gas.

7.7 Other comments received

7.7.1 One stakeholder drew attention to the need for the development of 'Gas Supplier of Last Resort' procedures, similar to the arrangements already in place in the electricity market, which would put in place structures to allow the automatic switching of consumers if a domestic gas supplier was no longer able to operate in Northern Ireland.

7.8 UR final decisions in relation to Objective 3: Empowerment of consumers through education, transparency and responsibility

7.8.1 While we note that individual concerns were raised regarding the specifics of the individual initiatives proposed; we are encouraged by the overall positive response which the initiatives received. It is our intention to proceed with the inclusion of the initiatives consulted upon and to add the following:

- Review of the European Consumer Check List;
- Supplier of last resort for the gas industry; and
- Work with others in relation to financial inclusion and general inclusion issues (e.g. access to internet, reading difficulties, access to a bank account).

7.8.2 This additional work have been added to the Strategy either due to comments raised by stakeholders during the consultation period, from responses to the Code of Practice consultation, or as part of UR's internal planning.

7.8.3 The European Consumer Check List is not only an important tool for customers who wish to understand their rights, but it is also a European requirement. However, feedback from stakeholders suggests that the

Consumer Check List mandated by Europe is cumbersome and not in an appropriate format for most consumers. Therefore, in addition to updating the European Consumer Check List the UR will work with CCNI to develop a user-friendly summary of the document.

7.8.4 In a competitive energy supply market, consumers require protection from the possibility of an energy supplier experiencing an unplanned exit from the market. The UR has put arrangements in place to protect consumers if such an event was to occur in the electricity market and we now intend to establish a similar process for the gas supply market. The UR has referred to these arrangements as the 'Supplier of Last Resort'. We consider supplier of last resort arrangements for the gas industry to be a priority and a project that is appropriate to be include within the CPS.

7.8.5 Our Consultation Paper did not raise the issue of financial accessibility (access to bank accounts) and inclusion (e.g. access to the internet). It focused on physical measures needed to ensure universal accessibility for domestic consumers to utility services and on consumer education. However, we note the comments made in relation to on-line tariff comparison sites and the need to ensure that those who do not have access to the internet can access the information. In addition since the publication of the CPS consultation, the UR has undertaken investigations into the domestic consumer response to the Northern Ireland retail energy market and has published a report on the 'Review of the Effectiveness of Northern Ireland Retail Markets'. The report's authors identified a number of barriers to consumer engagement with the retail market, many of which were associated with financial accessibility and inclusion generally. The authors said that a lack of internet access or access to web based offers, and lack of a bank account resulted in reduced consumer engagement and thus a low level of switching. We consider that work on financial inclusion and inclusion generally (i.e. access to bank accounts and the internet etc) to be of vital importance to the functioning of the energy market. Therefore, the UR has decided to engage with stakeholders to explore financial accessibility issues (access to bank accounts) and general inclusion issues (access to internet based offers) for

consumers and particularly vulnerable consumers during the lifespan of this CPS.

7.8.6 We note the differing views of respondents in relation to tariff comparison tools and websites. It is our understanding that CCNI intend to take a project forward specifically in relation to on-line tariff comparison. This project has the potential to meet the requirements of those respondents who called for an online tariff comparison tool. We will look to work with CCNI rather than duplicate their efforts in this area. In addition, we will work with CCNI to identify ways to improve the availability of information for those who do not have access to the internet.

7.8.7 While resource constraints prevent us from tackling all of these initiatives at once it is our intention to pursue them in line with the following time table. Plans may alter in future years but we will be transparent about any amendments to the timings set out in the table below.

7.8.8 The costs and benefits of each of the proposed initiatives above will be considered as part of the individual project, as will any further equality considerations. Some suppliers made general statements in relation to costs, however as it is impossible to give specific costs for each individual project before the scoping phase of the individual project, UR have decided to carry out further analysis of costs on a project by project basis. Each of the initiatives will be designed to have a positive impact on consumers. They are as follows:

Objective 3: Empower consumers through education and transparency

Project	Year 1 2016-2017	Year 2 2017-2018	Years 3 to 5 (Review in year 2 will set the priorities for years 3 to 5)	Outcomes
Work with others to develop educational materials on switching	✓			Increased retail market activity.
Work with others in improving tariff comparison options	✓			Domestic consumers more informed and involved.
Establish gas supplier of last resort	✓	✓		Customer confidence if a gas supplier exits the market and continuity of supply.
Review electricity GSS and OSS		✓		Consumers informed about minimum standards and compensation.
Review of current European Consumer Check List		✓		Domestic consumers and advice agencies more informed about consumer rights and responsibilities.
Work on issues for tenant rights regarding utility services			✓	Tenants better informed of their rights and responsibilities.
Make tariff information clearer			✓	Tariff structures designed in a way that makes sure they are easy to understand.
Work with others on financial inclusion			✓	Solutions found to improve outcomes for customers who do not currently have access to a bank account or the internet.

8 Objective 4: Leadership through being a Best Practice Regulator

8.1 Policy Background

8.1.1 One of the values of the Utility Regulator is to be a best practice regulator; meaning that we seek to be transparent, consistent, proportionate, accountable and targeted. We proactively work with partner organisations to research areas which ensure our policy making is evidence based. The UR participates in working groups across government and industry at a Northern Ireland, UK, Ireland, and European level to improve understanding of regulation in energy and water and improve relationships across stakeholder groups. The Consumer Protection Strategy (CPS) initiatives will be additional to these core activities. We believe that the combination of the Strategy initiatives and our core activities such as evidenced based regulation and partnership working will enhance the level of protection already existing for consumers in Northern Ireland.

8.1.2 UR seeks to provide leadership by being a best practice regulator. Our CPS consultation proposed the following in relation to providing leadership by being a best practice regulator:

- **Provide best practice example via Codes of Practice implementation and monitoring.**
- **Participate in working groups across government/industry.**
- **Work with European groups such as CERRE on research projects.**
- **Work with UK Regulator's Network and UK Competition Network.**

Response to the consultation and other comments received

8.2 Providing best practice example via Codes of Practice

8.2.1 Codes of Practice were seen by respondents to be a most important element of fulfilling the proposal of providing leadership by being a best practice regulator. Some respondents suggested that the Codes of Practice could be used as an example of good practice for other unregulated industries such as oil, coal and LPG. Respondents to our Codes of Practice paper made similar comments. Respondents felt that the Code of Practice on Energy Theft should be taken forward urgently, that work with Network Operators was very important and that the Marketing Code of Practice should be monitored and enforced.

8.3 Participating in working groups across government and industry

8.3.1 One respondent called on the UR to work with government to investigate the possible introduction of the Warm Homes Discount Scheme in Northern Ireland, this scheme is currently in operation in GB. They asked that the UR work closely with industry and government sectors to bring about such a scheme in Northern Ireland.

8.4 Working with European groups such as CERRE on research projects

8.4.1 Respondents made no comments on this proposal.

8.5 Work with UK Regulators Network and UK Competition Network

8.5.1 One stakeholder stated that they welcomed the sharing and utilisation of information from organisations such as UKRN, particularly in relation to energy affordability matters. They suggested that some additional work is carried out in improving standards, for example a Competent Persons Scheme for the installation of domestic oil boilers.

8.5.2 Another response called on the UR to commission research into the costs of levies applied to energy consumer bills currently and potentially into the near future. This should include the consumer impact in relation to the cost and the benefits accrued, if any.

8.6 Other comments in relation to UR providing leadership as a best practice Regulator

8.6.1 Many respondents stated that they would continue to support the UR in their leadership role due to the fact that the UR was committed to supporting evidence based policy making in order to best serve consumers.

8.6.2 One respondent stated that the UR has provided excellent leadership in controlling prices and setting standards to protect consumers and that they welcomed the opportunity for the UR to continue this “good work”, using best practice elsewhere to inform joint projects with other agencies and stakeholders. They noted this in particular reference to “combating fuel poverty”, “keeping prices down” and “reducing energy consumption through energy efficiency measures”.

8.6.3 One respondent stated their desire to work closely with the UR. However, this response also advised caution, stating that the UR must ensure that the outcomes of its activities and those of industry balance with the cost of undertaking them. Another stakeholder voiced their support for the UR in

providing leadership as long as appropriate recognition was given to local Northern Ireland circumstances.

8.7 Final decisions in relation to Leadership through being a Best Practice Regulator

- 8.7.1 Our approach to this objective, 'Providing leadership through being a best practice regulator', will remain largely as proposed in the consultation paper. We will ensure that the UR is involved in evidence based policy making, in order to best serve the interests of all participants of the Northern Ireland retail energy market. Furthermore, we will strive to find a balance between cost and outcomes of activities of industry. The UR will, during the life span of this Strategy, continue to be represented on a number of national and international working groups with both government and industry; seeking to work constructively with stakeholders to deliver an effective level of consumer protection in Northern Ireland.
- 8.7.2 UR will seek to be a best practice regulator through all of our activities and thus comments made in response to this consultation will be taken into consideration across all our work. In particular, comments made in relation to supplier codes of practice and network company codes of practice will be taken into consideration when working on the Code of Practice on Energy Theft (see objective 1 focus on affordability) and our objective to review and develop consumer engagement by network companies (see objective 2).
- 8.7.3 A critical part of the formation of the CPS was listening and capturing 'real-life' experiences of both domestic consumers and industry. We conducted an extensive engagement process in the development of this Strategy and we plan to continue with this high level of interaction. As already stated, we plan to review this strategy following year 2 and as part of this we will plan and convene a Consumer Summit. This will provide stakeholders with an opportunity to comment on the progress of this Strategy and suggest changes where appropriate.

8.7.4 While we have attempted to take on board all the comments received, we will be unable to investigate the role of a Warm Homes Discount in Northern Ireland as this is a matter for central government departments.

8.7.5 While resource constraints will dictate the level to which UR can pursue each of these activities it is our intention that they should all be pursued throughout the term of this Strategy. In response to calls from some respondents for appropriate review of the Strategy it is our intention to use the proposed Consumer Summit as a good opportunity to involve stakeholders in the review process. Therefore we will plan the Consumer Summit in year two and host the summit early in year 3. Plans may alter in future years but we will be transparent about any amendments.

8.7.6 The costs and benefits of each of the proposed initiatives above will be considered as part of the individual project, as will any further equality considerations. Each of the initiatives will be designed to have a positive impact on consumers. They are as follows:

Objective 4: Providing leadership through being a best-practice regulator

Project	Years 1 to 5	Outcomes
Provide best-practice examples via codes of practice	This work will be ongoing throughout the term of the CPS.	Continued monitoring and development of all codes of practice will improve consumer protection in the electricity, gas and water industries. This provides a best-practice example to other industries.
Take part in working groups across government and industry	We will take part in working groups as appropriate throughout the term of the CPS. We will plan the consumer summit in year 2 in order to help with the review of the CPS.	We continue to follow an evidenced-based approach, using up-to-date and relevant reports on key consumer-related matters.
Work with European groups such as CERRE on research projects	This work will be ongoing throughout the term of the CPS.	We continue to follow an evidenced-based approach, using up-to-date and relevant reports on key consumer-related matters.
Work with UK Regulator's Network and UK Competition Network	This work will be ongoing throughout the term of the CPS.	Stakeholders in government and industry continue to be involved in putting in place and reviewing the CPS.

9 Additional Considerations, Priorities and Timing; Conclusions

9.1 Additional Considerations

9.1.1 We were encouraged by the positive support for the Consumer Protection Strategy (CPS), the general view being that the consultation was well focused and incorporated realistic deliverables. It was not possible to include all of the suggestions made by respondents within this Strategy at this time. Some of the suggestions, such as those relating to I-SEM or price controls are being dealt with elsewhere within other areas of the UR's Corporate Strategy and Forward Work Plan. Other suggestions have been noted and in some cases may be added to the Strategy at a later date, either during a Strategy review or when further information is available. We remain committed to monitoring and reviewing the Strategy. Other suggestions by respondents included the following:

- Roll out Smart Metering: - Smart meters involve a technology which can be used to help consumers monitor their energy usage. While a commitment has previously been made for electricity smart metering to be rolled out in Northern Ireland (and considerations are being given to gas smart metering roll out), no firm decisions have yet been made as to the actual timings for implementation of the commitment or the precise nature of the implementation programme. DETI is currently proposing a Metering Strategy for Northern Ireland which will inform future developments in this area. We will continue to work with DETI and will monitor progress in relation to smart metering in other jurisdictions. We will consider the implications of DETI's decisions on smart metering as part of the review of this Strategy.
- Self Disconnection:- Self disconnection is when customers using Pay As You Go meters (PAYG) also known as Pre-Payment Meters (PPM) do not

have a supply of electricity or gas because they do not have sufficient money to top up their meter. One respondent suggested the need for UR to carry out further research on self disconnection. The UR has in the past carried out research on “Helping Customers avoid/manage debt”¹⁸ this research looked at the issue of self disconnection. The CCNI has also carried out similar research in the form of their research paper entitled “In Control? An investigation into the patterns of, use and level of self disconnection by gas and electricity PAYG meter users in Northern Ireland”¹⁹. In addition, the UR commissioned the University of Ulster to conduct Northern Ireland’s first Smart Meter trial. This work was carried out in 2010 and explored how best to assist low-income households in gaining confidence and expertise when working with a new Smart Meter and its accompanying in-house display unit²⁰. This report also contained information on self disconnection that the trial uncovered. We will continue to monitor research and publications by others to see if innovative solutions to the issue of self disconnections are proposed. We are open to further discussions with stakeholders.

- Non Domestic Sector:- There was a suggestion that we look at consumer protection in the non-domestic sector. We note that this Strategy is specifically aimed at domestic customers and the non domestic sector will be considered separately. The UR Forward Work Plan for 2016/17 is likely to include a “like to do” project on this issue.
- Research on Levies: - One respondent suggested that the UR research the impact of government levies and taxes on customer bills. UR notes that this work is carried out by central government departments and that the impacts of levies and taxes are researched at the time of their introduction through the impact assessment process.
- Growing Gas Network: - There was a suggestion that growing the gas network could reduce fuel poverty. UR notes that work in relation to growing the gas network is included in our Corporate Strategy. We have

¹⁸ http://www.uregni.gov.uk/uploads/publications/SMR_Debt_Publication_June_2010.pdf

¹⁹ http://www.consumercouncil.org.uk/filestore/documents/In_control_Final_Version_23.01.06.pdf

²⁰ <http://eprints.ulster.ac.uk/25443/1/SMARTerMetersExReportWEB-7Jan13.pdf>

also noted these comments in relation to our proposed work on energy efficiency (see objective 1 - focus on affordability).

- Excess winter deaths: - There was a suggestion that UR should carry out research on excess winter deaths. We note that other organisations are already carrying out such research, therefore we will continue to monitor research by others where it impacts on UR policy proposals.

9.2 Priorities and Timing

9.2.1 The priorities and timing of the decisions set out in this paper are summarised below by year. Plans may alter in future years but we will be transparent about any amendments to the timings set out in the table overleaf. The costs and benefits of each of the proposed initiatives below will be considered as part of the individual project, as will any further equality considerations.

Strategy objectives and timings

Objective	Year 1	Year 2	Years 3 to 5
Objective 1: Focus on affordability	<p>Deliver billing information code of practice for energy suppliers.</p> <p>Draft code of practice on energy theft.</p> <p>Work with partners on energy-saving schemes, in particular DETI (EnergyWise project) and DSD.</p>	<p>Begin work on back-billing procedures.</p> <p>Review energy efficiency code of practice requirements.</p>	<p>Work with suppliers on debt communications.</p> <p>Work with others on helping consumers in crisis.</p>
Objective 2: Make sure consumers have equal access to utility services	<p>Review network company critical care and customer care registers (NIE Networks and NI Water).</p> <p>Work with stakeholders to make sure customers feel safer when utility company staff visit their home.</p>	<p>Review energy supplier customer care registers.</p>	<p>Look at accessibility issues for consumers.</p> <p>Review and develop network operators' involvement with consumers.</p>
Objective 3: Empower consumers through education and transparency	<p>Work with others to develop educational materials on switching supplier.</p> <p>Work with others to improve tariff comparison options.</p> <p>Put in place a gas supplier of last resort.</p>	<p>Review electricity GSS and OSS.</p> <p>Review current European Consumer Checklist.</p>	<p>Work on issues for tenants' rights relating to utility services.</p> <p>Give clearer information about tariffs.</p> <p>Work with others on financial inclusion.</p>
Review following year two, to include consumer summit			
Ongoing initiatives – to run throughout the term of the strategy			
Objective 2: Make sure consumers have equal access to utility services	<p>We will review major-incident procedures throughout the strategy. However, in year one we will organise a communication forum between the electricity, gas and water industries to share learning and best practice.</p>		
Objective 4: Provide leadership through being a best-practice regulator	<p>Provide an example of best practice through codes of practice.</p> <p>Take part in working groups across government and industry.</p> <p>Work with European groups such as CERRE on research projects.</p> <p>Work with UK Regulator's Network and UK Competition Network.</p>		

9.2.2 During this 5 year CPS, subject to resource constraints, the UR will endeavour to deliver each of the individual initiatives listed above. Once fully implemented, this CPS will provide enhanced consumer protections for domestic consumers in Northern Ireland and this Strategy will be an essential part of the fulfilment of the UR's Corporate Strategy 2014-19 objective 3.

9.3 Conclusions

9.3.1 This CPS is a flagship element of our Corporate Strategy objective of protecting the long term interests of customers; it sits in an economic context where consumers are facing increasing difficulties and a higher risk of being in circumstances in which they could be considered vulnerable.

9.3.2 As part of our day to day work we utilise a range of tools in the pursuit of our objectives. These include price controls, effective market design, licence monitoring and enforcement. Figure 5 below summarises both the foundations that exist in relation to consumer protection in Northern Ireland and our strategy going forward.

9.3.3 We look forward to working with CCNI, the Trading Standards Service and other key partners to ensure that domestic consumers, especially those consumers who are most vulnerable, are protected in their dealings with energy and water companies.

9.3.4 We will monitor this Strategy at appropriate intervals and will carry out a mid-term review of the Strategy following year 2 of the Strategy. This will include a consumer summit and other transparent engagement with stakeholders and it will be informed by a research based survey with consumers.

9.3.5 During our mid-term review, and final review of the strategy success will be measured as follows:

- individual initiatives are carried out on time, or have been rescheduled for good reason;
- any necessary adjustments to the Strategy are made in order to take external factors taken into consideration;
- impact analysis of individual initiatives demonstrates positive consumer impact for each individual project;

- attendees at the Consumer Summit report positive impacts from the strategy to date; and
- Customer research shows a high level of satisfaction with customer-protection measures and how consumers are better able to make informed decisions.

Consumer protection strategy 2016 – 2021

Affordability

- Draft billing and energy theft code of practices
- Review energy efficiency code of practice
- Draft back-billing procedures
- Work on energy efficiency
- Improve debt communication
- Review arrangements for consumers in crisis

Equal access

- Review care registers
- Examine accessibility issues
- Review and develop consumer involvement by network companies
- Consumers feel safer when utility services make home visits
- Review major-incident communications and learning across industries

Empowerment

- Develop education materials on switching
- Examine tenants' rights and responsibilities
- Improve tariff comparison options
- Make tariff information clearer
- Review electricity GSS and OSS
- Put in place a gas supplier of last resort
- Work on financial inclusion projects
- Improve European Consumer Checklist

Leadership

- Provide examples of best practice through codes of practice
- Take part in working groups (government and industry)
- Work on research projects
- Work with UK Regulator's Network and UK Competition Network

Existing protection

- Price controls
- Tariff reviews
- Codes of practice on energy efficiency and billing
- Market monitoring
- Market design

- Major-incident reviews
- Critical care registers
- Special care registers
- Code of practice for people of State Pension age and disabled or chronically sick people
- NI Water domestic customer charter

- Energy codes of practice on complaints and services for prepayment meters
- Marketing code of practice
- NI Water codes of practice
- Electricity supplier of last resort
- Gas and water standards of performance

- Licence conditions
- Monitoring energy security and supporting renewable energy, in line with government policy
- Working with partners in Northern Ireland such as DETI, DSD, CCNI and Trading Standards Service
- Working with partners outside Northern Ireland such as Ofgem, Ofwat and CER

Annex 1: Utility Regulator Workshop on Consumer Protection Strategy

Organisations in attendance

- Advice NI
- Age Sector Platform
- Belfast City Council
- Belfast Health Development Unit
- Bryson Energy
- Budget Energy
- Causeway Coast and Glens Borough Council
- Consumer Council Northern Ireland
- Commission for Energy Regulation
- Christians Against Poverty
- Citizens Advice
- Derry City and Strabane District Council
- Department of Enterprise, Trade and Investment
- Disability Action
- Electric Ireland
- Energy Store
- Fermanagh and Omagh District Council
- firmus energy
- Manufacturing Northern Ireland
- National Energy Action Northern Ireland
- Northern Ireland Water
- Northern Ireland Housing Executive
- Oaklee Housing Association
- Open Electric
- PNGL
- Power NI
- Queens University Belfast
- Smart Grid Ireland

- St Vincent de Paul
- Water Policy Division – Department of Regional Development
- SSE Airtricity

Annex 2: Respondents to Consultation on the Consumer Protection Strategy

Organisations who responded

- Advice NI
- Ards and North Down Borough Council
- Bryson Energy
- Consumer Council Northern Ireland
- Christians Against Poverty
- Citizens Advice
- Commission for Older People
- Delargy Productions
- Department for Regional Development
- Department for Social Development
- Electric Ireland
- Energia
- firmus energy
- National Energy Action Northern Ireland
- Northern Ireland Electricity Networks
- Northern Ireland Water
- Oil Federation
- PNGL
- Power NI
- SSE Airtricity

Annex 3: Price Control timetable

Company	Price Control Period	
NIE Transmission & Distribution	October 2017 – 2024	
NI Water	April 2015 – 2021	
Firmus Energy Distribution	January 2017 – 2022	} GD 17
Scotia Gas Networks (Gas to the West)	January 2017 – 2022	
PNG Limited Distribution	January 2017 – 2022	
SONI	October 2015 – 2020	
SEMO	October 2013 – 2016	
BGE	October 2017 – 2022	
SSE Airtricity Gas Supply	January 2017 – 2020	
Power NI	April 2017 – 2020	
Firmus Energy Supply	January 2017 – 2020	
Power Procurement Business	April 2015 – 2018	