



Action for Warm Homes
Northern Ireland

National Energy Action NI

Response to the
Utility Regulator for Northern Ireland's Public
Consultation

Best Practice Framework Proposals: Code of Practice
for Consumers in Vulnerable Circumstances

March 2023



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About NEA

National Energy Action (NEA) is the national fuel poverty charity working to secure affordable warmth for disadvantaged energy consumers. NEA's strategic aims include influencing and increasing strategic action against fuel poverty; developing and progressing solutions to improve access to energy efficiency products, advice and fuel poverty related services in UK households and enhancing knowledge and understanding of energy efficiency and fuel poverty.

NEA seeks to meet these aims through a wide range of activities including policy analysis and development to inform our campaigning work; rational and constructive dialogue with decision-makers including regulatory and consumer protection bodies, relevant government departments, the energy industry, local and national government; and we develop practical initiatives to test and demonstrate the type of energy efficiency programmes required to deliver affordable warmth.

NEA is primarily concerned with energy policy whilst maintaining a watching brief on social justice policies, including income inequalities and levels of poverty in Northern Ireland.

Protecting vulnerable consumers is our key aim so we work both reactively and proactively to ensure policy makers and regulators recognise the needs of the vulnerable in its widest sense. With tighter household budgets, it is more important than ever that consumers are getting the best deal. Paying for domestic energy makes up a substantial portion of total household expenditure, so it is of specific concern to us but is often relegated in the ever-busy policy environment.

Background

Unfortunately, many households in Northern Ireland face the prospects of cold homes, especially during the winter months. Based on the 2016 House Condition Survey¹, Northern Ireland has a rate of fuel poverty at 22%. It is also estimated that there are approximately 43,800 households in extreme fuel poverty, which means they need to spend over 15% of their total income to heat their homes. Additionally, one in five households in Northern Ireland are living in poverty.

Energy prices have undergone an unprecedented rise during 2021/22, and this looks set to continue for at least 18 months. We know that Northern Ireland continues to have amongst the lowest levels of household income across the UK and the highest weekly household expenditure on energy of any UK region. Taken in conjunction with challenging economic conditions as well as the ongoing global pandemic, many families continue to face challenges with meeting their energy costs. These pressures are further amplified by the ongoing energy crisis, which has seen fuel prices soar to record levels.

¹ Northern Ireland Housing Executive (2016) House condition survey: <https://www.nihe.gov.uk/Documents/Research/HCS-2016-Main-Reports/HCS-Main-Report-2016.aspx>



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Unfortunately, this means that many households in Northern Ireland face the prospects of living in cold homes for long periods of time, especially during the winter months. Homes play a crucial role in ensuring the health and well-being of individuals and households, and NEA believe that everyone in Northern Ireland should be entitled to live in a warm, safe, and healthy home.

We know that the cold kills. The Northern Ireland Statistics and Research Agency (NISRA) estimate that the Excess Winter Deaths (EWD) for 2020/21 was approximately 1,120². The same report details that there were 6,340 deaths in Northern Ireland in the winter period of 2020/21, which is the second highest number of winter deaths in the last 10 years.

Studies show there is a relationship between EWDs, low thermal efficiency of housing and low indoor temperatures³. EWDs are almost three times higher in the coldest quarter of housing than in the warmest quarter. We know that deaths from cardiovascular diseases are directly linked to exposure to excessively low indoor temperatures for long periods of time. This is because temperatures below 12 degrees Celsius result in raised blood pressure⁴. There is increasing evidence to show that children living in cold homes are more than twice as likely to suffer from a variety of respiratory problems than children living in warm homes. Exposure to cold increases the level of minor illnesses such as colds and flu, and exacerbates existing conditions such as arthritis and rheumatism⁵. To put it simply, we know warm homes are vital for ensuring good health and wellbeing.

Response

We welcome the opportunity to respond to the consultation on the proposed approach to the delivery of the Best Practice Framework (BPF) Proposals: Code of Practice for Consumers in Vulnerable Circumstances. We recognise the volume of work that has been undertaken to deliver the proposals outlined in the consultation documentation. It is our hope that the BPF will go some way towards addressing the current gaps in the service provision for utility consumers in vulnerable circumstances by helping to ensure they are identified, adequately protected, and receive an appropriate level of support.

In general, NEA believe there is a need to ensure that existing consumer protections (across all utilities) are maintained and strengthened. In comparison to other countries, Northern Ireland has a very small retail market and therefore does not benefit from economies of scale. For this reason, we consider that it is unlikely to attract enough suppliers for competition alone to form the basis of consumer protection. Therefore, we consider that the best way to protect domestic consumers (and in particular those who may be vulnerable) is to maintain high standards of regulation, including price controls on the biggest suppliers.

² Northern Ireland Statistics and Research Agency (NISRA), Excess Winter Mortality NI Report 2020-21. Accessed online: https://www.nisra.gov.uk/system/files/statistics/Excess%20Winter%20Mortality%20Report%202020_21.pdf

³ Marmot Review Team (2011), The Health Impacts of Cold Homes and Fuel Poverty

⁴ Department of Trade and Industry (2001), The UK Fuel Poverty Strategy. London: DTI.

⁵ El-Ansari W and El-Silimy S (2008) Are fuel poverty reduction schemes associated with decreased excess winter mortality in elders? A case study from London, UK. *Chronic Illness*, 4(4), pp.289–294.



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It would be remiss of us not to reflect upon the recent price volatility within the home heating oil market in Northern Ireland, and how this highlights the significant gap in protections for over two thirds (68%) of households in Northern Ireland who rely on oil to heat their homes. According to the Consumer Council's Home Heating Oil Survey⁶ between December 2021 and March 2022, the cost of 900 litres of home heating oil rose from £454.75 to £1181.53 (as of March 10th 2022). This rapid rise in prices caught many consumers unaware and forced additional hardships on those who were already suffering the most. Whilst we strongly welcome the BPF, we need to acknowledge that many households won't see the full benefits of the programme as their heat supplier (oil) will not be required to put in place the same level of customer care and support. NEA firmly believe that we need to utilise all policy levers to protect the interests of consumers across electricity, gas and especially those 68% of households reliant on domestic home heating oil. As such, we are calling on the Utility Regulator (UR) to use its influence to look at how it can extend protections across the oil sector.

Self-disconnection of vulnerable pre-payment meter (PPM) consumers remains one of our greatest concerns ahead of the winter period. NEA continue to call for further efforts to obtain more detailed information and data around vulnerable consumers' use of PPMs and the levels of self-disconnection in Northern Ireland. To date we still don't have enough information to adequately assess the degree of self-disconnection, rationing, consumer behaviour, accessibility, ease of use, PayPoint issues and many other aspects. It is our experience that PPMs have failed to protect the most vulnerable, and indeed in many cases have exposed them to additional risks. Within the BPF we would like to see greater emphasis on tackling these key issues. As we are collectively set to embark on a period of rapid change in response to the need to decarbonise our energy system, we believe this issue should be prioritised by all those in the energy sector. We are calling for an ambitious approach to dealing with the problem and believe there would be merit in the UR setting challenging targets to eliminate self-disconnections by the end of 2030.

Below we provide comments in direct response to the specific questions that have been raised in the consultation.

Q1) Do you agree that where this document has an impact on the groups listed, those impacts are likely to be positive in relation to equality of opportunity for utility consumers?

- Yes, NEA agree that the approach document should produce positive impacts in relation to equality of opportunity for utility consumers. We thank the UR for the significant efforts that have been undertaken to produce the BPF Proposals.
- However, we must also note that some consumers will likely see greater benefits from the BPF when compared to others. Consumers in areas where their electricity and heat supplier (gas) are both required to embed the principles and deliver the measures

⁶ CCNI Home Heating Oil Price Checker Archive, accessed online:
<https://www.consumercouncil.org.uk/homeheatingoilpricechecker/tool/archive>



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identified in this framework will see a greater benefit than those consumers in areas without a regulated heat supplier (such as those reliant on home heating oil). This means there is the potential for a 'postcode lottery' to develop whereby some vulnerable consumers are further disadvantaged. To offset against this, effort should be made to engage with the oil industry and extend protections to vulnerable consumers who are locked into home heating oil.

- The UR should also ensure they are monitoring the landscape around the rollout of alternative low carbon heat sources such as Heat Pumps and District Heat Networks. Consumers who opt for these alternative heat sources as part of the energy transition should be entitled to comparable levels of both service and protection available to consumers on regulated utilities. The UR will need the powers, resources, and time to ensure this is possible and the Department for the Economy (DfE) will be required to facilitate this.

Q2) Do you have comments on any of the UR proposed decisions set out in section 2? Please clearly state in your response which decision your comments relate to.

- NEA support the UR's proposed wider definition of vulnerability and welcome the move towards a standardised utility sector definition. We do, however, note that the new definition is somewhat open ended. We support this because an individual's vulnerability can be highly context specific to their personal circumstances. However, we have a slight concern that the open-endedness of the definition could be used to contest the nature of an individual's vulnerability in unusual circumstances. We would therefore appreciate further clarification on who has the power to make the final determination on an individual's vulnerability. Albeit unlikely, we want to avoid a potential situation whereby a consumer believes they should be classified as vulnerable, but a supplier or DNO does not agree. In such a situation, NEA recommend that the decision should sit with a trusted third-party intermediary such as the Consumer Council (CCNI).
- NEA fully support the UR's decision to implement a mandatory code of practice with high level principles and required measures. We recognise that there are sectoral differences in the operation and conduct of different utility licence holders, however, we do believe that there is enough cross over to warrant the standardised approach.

Q3) Do you have comments on the URs proposal on industry working groups as set out in section 3? Please clearly state in your response which aspect of the proposal that your comments relate to.

- NEA welcome the proposal to establish industry working groups. We believe that it would be beneficial to ensure that stakeholders are kept informed of the development and activity of these working groups. This could be done through an existing format such as the Consumer Protection Advisory Group (CPAG) or through a new channel established by the industry working groups.



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Q4) Do you have comments on the UR proposed decision set out in section 4?

- NEA support the CoP proposed principles outlined in section 4 of the consultation documentation.

Q5) Do you have comments on any of the UR proposed decisions set out in section 5? Please clearly state in your response (using the measure number) which decision your comments relate to.

- Unless otherwise stated, NEA support the proposed decisions set out in section 5. Below we highlight a number of measures which we wish to comment upon further;

- **In response to principle 5 Measure 1.3**

“All companies should have a specialist vulnerability team or person (dependent on the size of the business) within the appropriate part of the business to champion innovative strategies for the treatment of consumers displaying signs of vulnerability (including the use of inclusive design principles). This vulnerability team should include a staff member at a senior level and will represent, mentor, and oversee the company’s work on vulnerability”.

NEA are disappointed that this measure has been amended to no longer include a requirement for a board member to be identified as a vulnerability champion. It was our view that having a designated vulnerability champion at the highest level would ultimately lead to positive outcomes for vulnerable consumers. We do agree that staff at the operational level in a customer facing role would be best placed to effectively deliver for vulnerable consumers; however, embedding this into an organisation would not need to be mutually exclusive from having a board member with a dedicated interest in protecting and supporting vulnerable consumers.

- **In response to principle 5 Measure 1 (5.1)**

“Measure 5.1 - Take all reasonable steps to not disconnect a customer who has not paid their bill and is of pensionable age, disabled or chronically sick and lives alone and who are represented by the vulnerability definition or only with other persons who are of pensionable age, disabled, chronically sick or under the age of 18, or with a dependent aged under 5 years and who are represented by the UR’s vulnerability definition. Applies to gas and electricity Suppliers.”

NEA are disappointed with the amended decision which updated this measure to maintain the option to disconnect. As outlined in the consultation documentation, consumer groups (including NEA) sought the disconnection moratorium period to be extended to a full year for vulnerable consumers which would be better aligned with the protections in GB via Energy UK’s Safety Net (a commitment from Energy UK members to never knowingly disconnect a vulnerable consumer at any time of year). It is therefore disappointing that the winter period protection has also been removed from this measure. We have concerns



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that this could result in vulnerable households becoming disconnected during periods of cold weather. This could put the household or individuals' health and wellbeing at risk.

- **In response to principle 5 Measure 4 (5.4)**

“Arrange a free annual gas safety inspection of the gas appliances and other gas fittings on the customer’s side of the meter for households where all occupants are either of pensionable age, disabled, chronically ill, minors or are represented by the UR’s vulnerability definition. This does not apply where the landlord of the customer is responsible for the annual inspection in accordance with the Gas Safety (Installation and Use) Regulations (Northern Ireland) 2004. The safety inspection must be undertaken by a person possessing appropriate expertise. Applies to gas Suppliers.”

In regards to the above measure, NEA believe that there is a risk that un-paid carers could be disadvantaged by the requirement that *‘all occupants are either of pensionable age, disabled, chronically ill, minors or are represented by the UR’s vulnerability definition’*. It is our experience that unpaid carers are particularly exposed to the hardships of fuel poverty. Research carried out by Carer’s NI found that more than one in 10 unpaid carers in Northern Ireland say they can’t afford utility bills, like gas or electricity, and 23% of unpaid carers are cutting back on essentials like heating to get by⁷. There will be cases where the carer within the household will not meet the requirements listed, however, the household will be at much greater risk of fuel poverty. It is our belief that in such cases the household should be eligible for a free annual gas safety inspection of the gas appliances and other gas fittings on the customer’s side of the meter.

- **In response to principle 7 Measure 3 (7.3)**

“All companies will use best endeavours to proactively identify consumers who are at risk of self-disconnecting and provide advice and support/financial assistance where appropriate.”

NEA welcome the inclusion of this proposal. However, we believe further clarification on what constitutes ‘best endeavours’ is required. To drive positive change and ensure deliverable outcomes in this area we would like to see a detailed plan of how each supplier and DNO will proactively identify consumers at risk of self-disconnecting. The UR should be ambitious and set targets to reduce the number of self-disconnections, especially during the winter period.

Q6) Do you have comments on the URs proposal on the new structure for registering consumers in vulnerable circumstances as set out in section 6? Please clearly state in your response which aspect of the proposal that your comments relate to.

- NEA supports the UR’s proposal to reduce the number of customer care registers to three separate industry level customer care registers which in the future will be amalgamated to one single customer care register for all utility consumers in Northern Ireland.

⁷ Carers NI (2022). *State of Caring 2022: A snapshot of unpaid caring in Northern Ireland.*



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- We also support the decision to make the customer care registers two-tiered: the top-tier being for medical care and the second being needs-based.

Q7) Do you have comments on the URs proposed licence conditions as set out in section 7? Please clearly state in your response which aspect of the proposal that your comments relate to.

- NEA supports the UR's proposed licence conditions as set out in section 7 of the consultation documentation.

Q8) Do you have comments on the URs proposal compliance and monitoring as set out in section 8? Specifically, we seek comments on stakeholders preferred monitoring option(s). Please clearly state in your response which aspect of the proposal that your comments relate to.

- NEA support the UR's proposal that compliance with the CoP for consumers in vulnerable circumstances will be a mandatory licence requirement. We believe that this decision will ensure the CoP is fully implemented in a robust manner and thus more likely to deliver improved outcomes for vulnerable consumers.

Q9) Do you have comments on the URs proposed timelines for implementation as set out in section 9? Please clearly state in your response which aspect of the proposal that your comments relate to.

- NEA support the UR's proposed timelines for implementation. We agree that the new licence provisions should include the new CoP and that it should be in effect as soon as practicable, so that consumers can start to benefit from enhanced protection.
- It will also be important to continue to monitor and review the effectiveness of the CoP once implemented to ensure it is delivering as intended.

We thank you for the opportunity to respond to you with these comments.

Response submitted by:

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