

Notice and Decision on Code of Practice for Consumers in Vulnerable Circumstances Licence Modifications for Northern Ireland Water

30 September 2024



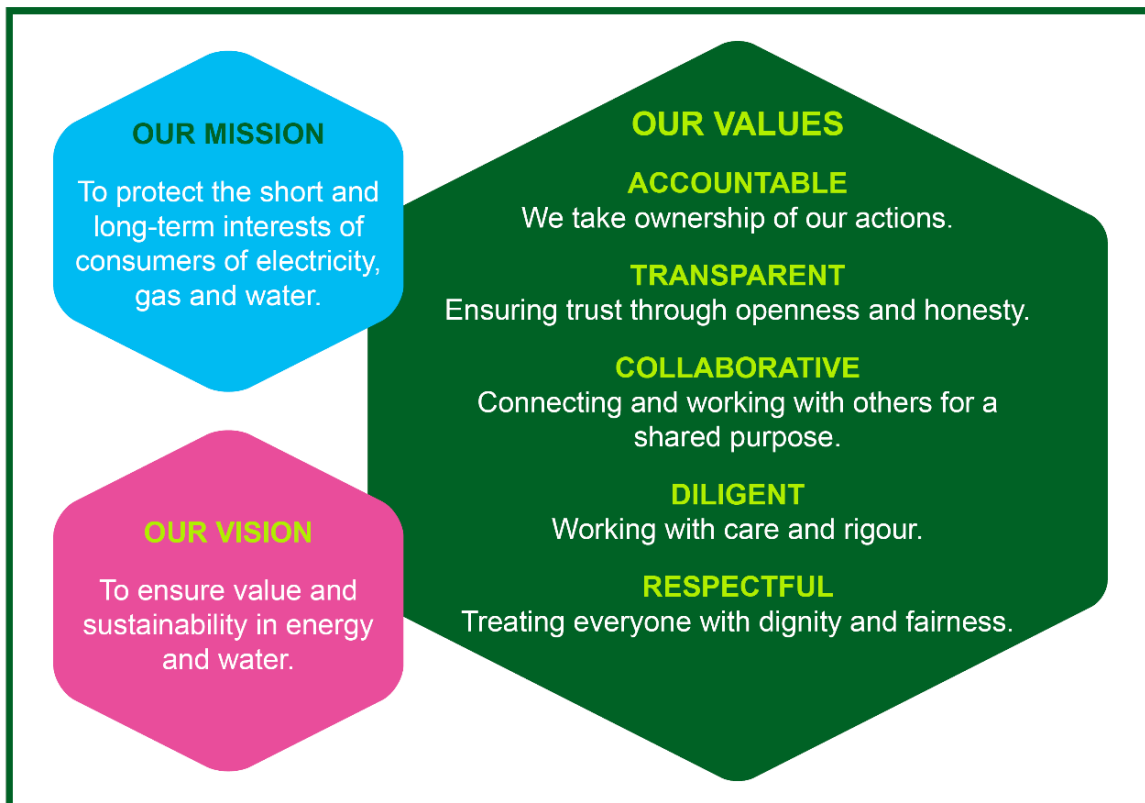
About the Utility Regulator

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

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

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

We are based at Queens House in the centre of Belfast. The Chief Executive and two Executive Directors lead teams in each of the main functional areas in the organisation: CEO Office; Price Controls; Networks and Energy Futures; Markets; Consumer Protection and Enforcement. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.



Abstract

The Utility Regulator published a new mandatory Code of Practice (CoP) for Consumers in Vulnerable Circumstances in March 2024 that covers domestic premises for electricity, gas and water. The decision paper included the implementation of a licence modification to ensure compliance with the CoP for Consumers in Vulnerable Circumstances. This paper sets out our final decisions on the licence modifications for the water distribution licence holder to implement the new CoP. Within this paper we also set out some additional non-contentious licence modifications to help reduce the regulatory burden and better align the licence with current regulatory processes and requirements.

Audience

This licence modification decision paper will be of interest to water distribution companies and organisations representing consumer interests.

Consumer impact

The objective of introducing the new CoP for Consumers in Vulnerable Circumstances is to address the current gaps in the service provision for domestic utility consumers in vulnerable circumstances within Northern Ireland and ensure they are identified, adequately protected, and receive an appropriate level of support from across the three regulated sectors. The new CoP will also ensure that the minimum level of support and protections offered to Northern Ireland consumers is consistent, effectively promoted, and reflective of best practice exemplars seen in Great Britain and across other jurisdictions and regulated sectors.

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Executive Summary

The Utility Regulator (UR) established the Best Practice Framework (BPF) programme to develop best practice principles and measures which utility suppliers and distribution network companies (DNOs) in Northern Ireland across electricity, gas and water must implement to better identify, support and protect consumers in vulnerable circumstances.

The main delivery mechanism for this programme is via a new mandatory Code of Practice (CoP) for Consumers in Vulnerable Circumstances. Through development of this CoP, we aim to address the gaps and inconsistencies in the regulatory frameworks between DNOs and suppliers and across regulated sectors in regard to the support and protections for consumers in vulnerable circumstances. The new CoP will also ensure that the minimum level of support and protections offered to Northern Ireland consumers is consistent, adequately promoted, and reflective of best practice exemplars seen in Great Britain (GB) and across other jurisdictions and regulated sectors.

We consulted on the CoP for Consumers in Vulnerable Circumstances in January 2022 and again in June 2023. We also offered industry and consumer groups the option of individual meetings to discuss their views on the development of the code. The CoP was finalised with our decision paper in March 2024. We consider that the best approach to implementing the new CoP for Consumers in Vulnerable Circumstances is to place a licence condition on licensees to comply with the CoP. This approach has been fully supported by responses received through our consultation process.

Additionally, as part of our ongoing commitment to being a best practice regulator, the relevance of NI Water's licence conditions continue to be reviewed in conjunction with the company. Through this ongoing process, we identified some non-contentious licence modifications (in addition to the best practice framework changes) to help reduce the regulatory burden and better align the licence with current regulatory processes and requirements. These are also set out in this paper.

In May 2024 we consulted on proposed licence modifications to the relevant licences. NI Water responded, stating support for the licence modifications. The response has been published with this decision paper.

This paper sets out our final decisions on the licence modifications following consideration of the responses received. The final licence modifications and applicable licence condition numbering is presented in the appendices to this paper. The full amended licence incorporating the new CoP for Consumers in Vulnerable Circumstances licence condition will be available on our website shortly. The licence modifications will take effect from 25 November 2024.

1. Background

- 1.1 The implementation of the new mandatory CoP for Consumers in Vulnerable Circumstances will be the main delivery mechanism for our Best Practice Framework (BPF) programme. The BPF programme was established by UR to develop best practice principles and measures which utility suppliers and distribution network companies (DNO's) in Northern Ireland across electricity, gas and water must implement to better identify, support and protect consumers in vulnerable circumstances.
- 1.2 We consulted extensively as part of the development of the CoP for Consumers in Vulnerable Circumstances. An approach paper¹ was published in January 2022 followed by a consultation paper² in June 2023. We also offered industry and consumer groups the option of individual meetings to discuss their views on the development of the code.
- 1.3 Following consideration of the responses, we published our final decisions on the CoP for Consumers in Vulnerable Circumstances³ on 27 March 2024. The decision paper set out that supplier and DNO licences (for electricity, gas and water) will be modified to include a condition to comply with the CoP for Consumers in Vulnerable Circumstances.
- 1.4 Before making any licence modifications UR is required to consult on its proposals under and in accordance with Article 20(2) of the Water and Sewerage Services (Northern Ireland) Order 2006. Accordingly, in May 2024 we consulted on the licence modifications we proposed to make to Northern Ireland Water's licence.
- 1.5 We received two responses to our consultation, stating support for the licence modifications. These responses were from:
 - Consumer Council for Northern Ireland (CCNI)
 - Northern Ireland Water
- 1.6 A summary of the comments received and our responses are set out in Section 2.

¹ [UREGNI Best Practice Framework Programme: Proposed approach to delivery, content, monitoring and reporting Consultation Paper](#)

² [UREGNI Best Practice Framework Programme: Code of Practice for Consumers in Vulnerable Circumstances Consultation Paper](#)

³ [UREGNI Best Practice Framework Programme: Code of Practice for Consumers in Vulnerable Circumstances Decision Paper](#)

Service Excellence

- 1.7 Our Corporate Strategy 2024 – 2029⁴ sets out our commitment to protecting Northern Ireland’s energy and water consumers. Strategic objectives 3 and 4 of that strategy outline our expectations around enabling best in class energy and water companies and providing the highest level of consumer service and protection.
- 1.8 Through our strategy we outlined that we would ensure that the companies we regulate compared to the best. The new mandatory CoP for Consumers in Vulnerable Circumstances will ensure that all domestic utility consumers receive an enhanced level of consumer protection across electricity, gas and water. The mandatory requirements in the CoP are the minimum requirements that we would expect from NI Water in delivering a service through which any consumer in a vulnerable circumstance is adequately served and protected, ensuring all consumers receive fair and positive outcomes. We want NI Water to be innovative and responsive to their customer needs (especially those in vulnerable circumstances), while delivering the essential service needed by all consumers across Northern Ireland.
- 1.9 We expect NI Water to continue to identify ways in which they can deliver ever better services and protection for consumers in vulnerable circumstances beyond the mandated minimum requirements in the CoP.

⁴ [Protecting Consumers on the way to Net Zero – Utility Regulator launches new Corporate Strategy 2024-2029 | Utility Regulator \(uregni.gov.uk\)](https://www.uregni.gov.uk/protecting-consumers-on-the-way-to-net-zero-utility-regulator-launches-new-corporate-strategy-2024-2029)

2. Proposed Licence Modifications

Overview

- 2.1 We consulted on the proposed modifications to NI Water's licence in May 2024.
- 2.2 The proposed licence modifications were to:
- Introduce a new licence condition within NI Water's licence that requires compliance with the CoP for Consumers in Vulnerable Circumstances.
 - Require NI Water to comply with the obligations of the CoP for Consumers in Vulnerable Circumstances and that NI Water procures that its agents or sub-contractors comply with the obligations of the CoP for Consumers in Vulnerable Circumstances.
 - Implement a new wider definition of vulnerable/vulnerability which NI Water must apply to all vulnerability and vulnerable requirements throughout their licence and Codes of Practice.
 - Include provision for UR to modify the CoP for Consumers in Vulnerable Circumstances following consultation with stakeholders.
 - Amend condition F1 paragraph 5(1) of NI Water's licence to require NI Water to submit their procurement plan as part of their price control business plan, rather than every 18 months as currently stated.
 - Amend condition F paragraph 8.1 of NI Water's licence, to relieve NI Water of the requirement to submit Current Costs Accounting (CCA) statements annually and rather allow UR to ask the company to submit CCAs anytime in the future, if required.
- 2.3 In tandem with the proposed modifications to NI Water's licence, in May 2024 we published and consulted on modifying the electricity and gas supply licences and DNO licences to introduce the new CoP for Consumers in Vulnerable Circumstances.⁵
- 2.4 We received two responses to our consultation to modify NI Water's licence. These were from NI Water and Consumer Council for Northern Ireland (CCNI). Both respondents stated their support for the proposed modifications.

⁵ [Consultation on NIW Licence Modification - CoP Consumers in Vulnerable Circumstances](#)

- 2.5 In our parallel consultation to modify gas and electricity licences, a respondent commented on the reference to “General Consumer Council” stating that it should be replaced with the terminology they use to refer to CCNI throughout the rest of their licence.
- 2.6 This brought up a wider licence question, as there are different terms used to refer to CCNI across the different licences. Gas conveyance (distribution) licences refer to “Consumer Council for Northern Ireland”, gas and electricity supply licences refer to the “General Consumer Council”, NI Water’s licence refers to “the General Consumer Council” and NIE Networks licence refers to “Consumer Council”.
- 2.7 We agree that a consistent term should be used for CCNI, both within licences and across the licences we issue. The definition reads “General Consumer Council for Northern Ireland” in The General Consumer Council (Northern Ireland) Order 1984 and across the relevant legislation for electricity, gas and water⁶.
- 2.8 Within electricity and gas supply licences, NIE Network’s licence and NI Water’s licence a definition is provided in their general licence conditions to allow use of shorter terminology to reference the General Consumer Council for Northern Ireland throughout the rest of their licence (outlined in Table 1 below).

Licence	General Condition (definition)
Electricity Supply Condition 1(3)	“ General Consumer Council ” means the General Consumer Council for Northern Ireland
Gas Supply Condition 1.1.6	“ General Consumer Council ” means the General Consumer Council for Northern Ireland
Electricity DNO Condition 1(3)	“ Consumer Council ” means the Consumer Council for Northern Ireland;
Gas DNO	No definition for CCNI included in the general conditions
NI Water Condition A(3)	“ the General Consumer Council ” means the General Consumer Council for Northern Ireland on which functions in relation to consumer matters are conferred by Chapter III of Part III of the Order

Table 1: Definitions of CCNI across licences

- 2.9 We are in favour of maintaining the use of shorter terminology for CCNI throughout the licence by including a definition for CCNI in the general conditions of the licence. For consistency across licences, we have decided

⁶ [The General Consumer Council \(Northern Ireland\) Order 1984 \(legislation.gov.uk\)](#)
[The Electricity \(Northern Ireland\) Order 1992 \(legislation.gov.uk\)](#)
[The Energy \(Northern Ireland\) Order 2003 \(legislation.gov.uk\)](#)
[The Water and Sewerage Services \(Northern Ireland\) Order 2006 \(legislation.gov.uk\)](#)

to have reference to CCNI in licence as “General Consumer Council” across all licences. As this is not a substantive change, we are therefore modifying the electricity DNO licence (Condition 1) and NI Water’s licence (Condition A) to change the terminology in the general conditions for the “General Consumer Council for Northern Ireland” to be “General Consumer Council”. For the gas DNO licence we are introducing a definition (in Condition 1.1) for ‘General Consumer Council for Northern Ireland’ to be “General Consumer Council”. We will also update any reference to CCNI throughout these licences to be “General Consumer Council”. Within gas supply licences, we will amend any references to CCNI that are not consistent with the terminology used in the definition under Condition 1.1 (General Consumer Council). This will ensure consistency in terminology across licences. We have engaged with CCNI on this change and they are content with this approach.

3. Licence Modification Decision

3.1 The licence modifications for NI Water’s licence are presented below. The numbered licence conditions, any deletions and the legal notice to modify a licence are set out in separate appendices to this paper.

NI Water Licence Modifications

3.2 We are amending NI Water’s licence to insert a new condition to reflect the introduction of the CoP for Consumers in Vulnerable Circumstances.

Condition R: Code of Practice for Consumers in Vulnerable Circumstances

1. The arrangements in the Code of Practice for Consumers in Vulnerable Circumstances shall be applicable to persons occupying domestic premises.
2. The Licensee shall (and shall procure that its agents or sub-contractors shall) comply with the obligations applicable to it under the Code of Practice for Consumers in Vulnerable Circumstances.
3. The Authority, following consultation with the Licensee, the General Consumer Council and any other person who in the opinion of the Authority is likely to be interested or affected, may from time to time make such modifications to the Code of Practice for Consumers in Vulnerable Circumstances, as the Authority considers are necessary or expedient.
4. In this Condition:

Code of Practice for Consumers in Vulnerable Circumstances means the relevant document of that name, prepared and published from time to time by the Authority, relating to the activities for protecting consumers in vulnerable circumstances.

Vulnerable or Vulnerability means ‘A consumer is deemed vulnerable when their personal characteristics or circumstances reduce their ability to engage effectively and achieve fair outcomes. A vulnerable consumer is significantly less able to protect or represent their interests and significantly more likely to suffer detrimental impacts on their health, wellbeing or finances’.

Agents or Subcontractors means any person directly or indirectly authorised to represent the Licensee in its dealings with consumers or other Licensees.

- 3.3 We are amending condition F1 paragraph 5(1) of NI Water’s licence, which relates to the submission of the company’s procurement plan. This will be modified to require the company to submit the plan as part of its price control business plan, rather than every 18 months as currently stated. The amendment will also require the company to report any concerns, issues or irregularities regarding procurement to the Utility Regulator between submissions.
- 3.4 We are amending condition F paragraph 8.1 of NI Water’s licence, which relates to the submission of Current Costs Accounting (CCA) statements by the company. We do not currently use this information and so we are modifying the licence to relieve NI Water of the requirement to submit accounting statements in this format annually. However, we have retained a degree of flexibility within the redraft which allows us to ask the company to submit CCAs anytime in the future if required.
- 3.5 We are amending Condition A(3) to remove ‘the’ from “the General Consumer Council”.
- 3.6 The affected licence and conditions are outlined below:

Affected Licence	Condition
<ul style="list-style-type: none"> Northern Ireland Water Limited Licence of Appointment as a Water and Sewerage Undertaker. 	<p>Introduction of new Condition R: Code of Practice for Consumers in Vulnerable Circumstances.</p> <p>Modify Condition F1 paragraph 5(1) to: 5(1) The Appointee shall submit to the Authority a revised and updated Procurement Plan as part of its business plan submission for each price control period, covering in detail at least the duration of the current price control period. The Authority may request a Procurement Plan at any other time if it considers this appropriate. The Procurement Plan shall set out how the Appointee intends to comply with the primary obligations in paragraphs 2 to 4 of this</p>

Condition during the price control period, or any other period stipulated by the Authority. In addition, the company is required to proactively and transparently report any concerns, issues, irregularities or significant changes with regard to procurement to the Authority in a timely manner in the period between submissions.

Modify Condition F paragraph 8.1 to:

8.1 In addition to preparing accounting statements under paragraph 4, the Appointee shall, if requested by the Authority, prepare accounting statements, on the current cost basis in respect of the same period in accordance with such guidelines as are reasonable and appropriate for the purposes of this Condition as the Authority may from time to time, after consulting with such bodies as are reasonably representative of undertakers holding appointments made under Chapter I of Part III of the Act, or if none the Appointee, notify to the Appointee for the purposes of this paragraph.

Modify Condition A paragraph 3 to:

"General Consumer Council" means the General Consumer Council for Northern Ireland on which functions in relation to consumer matters are conferred by Chapter III of Part III of the Order;

- 3.7 The specific licence conditions and the required legal notice are set out in the appendices to this paper.

Reasons

- 3.8 We developed the CoP for Consumers in Vulnerable Circumstances with the aim to address the gaps and inconsistencies in the regulatory frameworks between DNOs and suppliers and across regulated sectors in regard to the support and protections for consumers in vulnerable circumstances. The new CoP will also ensure that the support and protections offered to Northern Ireland consumers are consistent, adequately promoted and reflective of best practice exemplars seen in GB and across other jurisdictions and regulated sectors.
- 3.9 We consider that the best approach to delivering the CoP is to place a licence condition on licensees to comply with the CoP for Consumers in Vulnerable Circumstances. This approach has been fully supported from the responses received through our consultation process.
- 3.10 We have added the additional licence modifications as UR is committed to being a best practice regulator, which includes adopting a proportionate and targeted approach. As such, we continue to try to identify areas where the regulatory burden can be reduced, without any detrimental impact, to help minimise the workload and related costs to the benefit of all parties.
- 3.11 As the regulatory regime for 'water' has developed it has become clear that some of the regulatory returns stipulated in the licence are no longer required or may not be required as frequently.
- 3.12 Following representations made by NI Water, we previously granted derogations in relation to the need to submit a Procurement Plan every 18 months (Condition F1 Paragraph 5) and to submit CCAs annually (Condition F Paragraph 8). In doing so, we noted our intention to review the associated licence conditions to determine whether permanent licence changes might be appropriate. We have now completed this review and decided that submission of the Procurement Plan as part of the company's price control submission will be sufficient to meet our regulatory needs and that we do not currently need it to submit CCAs. The licence changes set out above reflect the outworking of these decisions.

Effects

- 3.13 The Code of Practice for Consumers in Vulnerable Circumstances places obligations on NI Water through principles and measures to better identify, support and protect consumers in vulnerable circumstances. This will

enhance consumer protection for all NI Water consumers.

- 3.14 The effect of the Procurement Plan and CCA modifications to NI Water's licence are considered to be largely technical in nature and process related. They will reduce the regulatory burden on NI Water and others⁷, in terms of regular reporting obligations and will better align the licence with current regulatory processes and requirements. We have however retained the ability to request the Procurement Plan more frequently than stated and CCA submissions from the company, if this is deemed necessary and beneficial in the future. No impact on consumers is anticipated.

⁷ For example, UR, Reporter and Auditor.

4. Next Steps

- 4.1 This paper sets out UR's decision on modifications to implement the condition 'Code of Practice for Consumers in Vulnerable Circumstances' and additional licence modifications for NI Water's licence. The modifications will take effect from 25 November 2024.
- 4.2 Once the Code of Practice for Consumers in Vulnerable Circumstances condition is implemented, NI Water will be expected to be compliant with the requirements within the Code of Practice for Consumers in Vulnerable Circumstances.

5. Appendices

Appendix Number	Description
Appendix 1	NI Water Licence Modification Decision Notice
Appendix 2	Code of Practice for Consumers in Vulnerable Circumstances