



Consultation: NIAUR Consultation on the Proposed licence modification of severe weather

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The Consumer Council welcomes the opportunity to respond to this consultation.

The General Consumer Council for Northern Ireland (the Consumer Council) is an independent consumer organisation, working to bring about change to benefit Northern Ireland (NI) consumers. Our aim is to *'make the consumer voice heard and make it count'*.

We have a statutory remit to promote and safeguard the interests of consumers and have specific functions in relation to energy, water, transport, food and postal services. These include considering consumer complaints and enquiries, carrying out research and educating and informing consumers.

The Consumer Council recognises the need to achieve more clarity and transparency around "severe weather" exemptions to electricity Guaranteed Standards (GS) that last came to prominence during the 2013 storms. I have outlined our comments and responses to the relevant consultation questions below.

Q2. Respondents are asked for their views on the definition of a severe weather event.

The Consumer Council would like to make a number of comments on the proposed definition as outlined in Appendix A of the consultation paper. I have elaborated on these below.

We acknowledge the Utility Regulator's proposal to use a "commencement threshold number" (CTN) to define the occurrence of a "severe weather event". The Utility Regulator proposes to set the CTN at 13x the average daily fault rate. We understand that the other requisite is the parallel occurrence of one or more of the weather phenomena listed in point 5.d of Appendix A.

The Consumer Council recognises the benefits of this approach, not least achieving mathematical certainty when assessing whether an exemption should be granted.

However, the Utility Regulator has not provided sufficient evidence or information to support its CTN ratio. For example, the consultation paper does not provide the following essential information:

- Methodology used to establish the CTN;
- No assessment of impact of proposed definition on previous SWE; and
- No comparison or consideration of alignment with GB¹ as stated in NIAUR RP5 determination and page three of this consultation.

The Consumer Council asks the Utility Regulator to provide additional information as listed above so that we can make an informed decision on whether to support the proposed CTN.

¹ The Electricity (Standards of Performance Regulations 2010 uses three categories to establish the severity of the weather conditions.

With regards to the end of the SWE, point 3 of Appendix A sets out that this is “deemed to end at the earlier of” “restoration of the last customer off supply due to an LV incident” or for high voltage incidents the “end of 48 hour period” commencing “when number of customers off supply” “has fallen to zero.”

A key issue with the proposed approach is that in our view it is developed solely from an industry perspective. In practical terms as far as the consumer interest is concerned, the suggestion is that every time the electricity goes off during bad weather, NIE may be exempted from its obligations on restoration times and issuing payments to affected consumers. The only requirement would be that NIE provides evidence of a sufficiently high number of faults in any given 24 hour period that coincides with one of a list of weather phenomena.

Q3. Respondents are asked if they agree that severe weather events should be excluded from measurement of NIE performance

Consumers want a strong electricity network that can, within reason, withstand severe weather conditions as experienced in recent years. A possible criticism of the proposed approach to defining SWE is that the robustness of the network doesn't seem to factor into the Utility Regulator's calculations under the current consultation process.

It is important for consumers to know how NIE performs during severe weather; particularly if the Utility Regulator decides to introduce the SWE CTN in isolation from any other changes to the GS framework. This applies equally to the network's robustness to cope with severe weather and NIE's ability to restore supply in a timely manner.

Therefore the Consumer Council believes strongly that NIE's performance in SWE should be measured, monitored and compared to similar network companies. We would ask the Utility Regulator to consider introducing monitoring arrangements for SWE under RP6. Such considerations could benefit from the consumer and stakeholder engagement that is currently being agreed as part of RP6.

Q4. Respondents are asked for their views on verification of severe weather events.

The Consumer Council supports the 14 days notification window.

Q5. Respondents are asked if they have any representations or objections with respect to the proposed modifications identified in the formal licence modification notice in Annex 3 – Article 14 Licence modification notice.

Any proposals on GS should carefully take into account and protect the consumer interest; that is after all the purpose of GS. Having examined in detail the information and evidence presented in the consultation paper the Consumer Council believes that the introduction of these proposals do not benefit consumers. This is because they:

- Remove any incentives and obligations on NIE to restore supply in SWE as speedily as feasible;
- Deprive consumers of any type of financial redress for the considerable inconvenience and potential detriment caused; and
- Fail to provide a physical definition of severe weather that consumers can visualise and understand;
- Do not provide a methodology or supporting evidence for the proposed CTN; and
- Do not provide any alignment with GB, where three severe weather categories operate² and Ofgem announced a minded decision to change severe weather-related Guaranteed Standards of Performance³ earlier this year including:
 - Doubling exceptional event payment levels, £70 initially;
 - Increasing the cap per customer to £700; and
 - Making payments automatic.

Based on the above, CCNI cannot support the implementation of the proposals under this consultation unless the proposed changes are considered in the context of a holistic approach to reviewing and improving electricity GS. This should address other key outstanding issues such as level of compensation, automatic payments and streamlining the process for consumers.

² The Electricity (Standards of Performance) Regulations 2010.

³ <https://www.ofgem.gov.uk/publications-and-updates/minded-decision-changes-severe-weather-related-guaranteed-standards-performance-gsop-following-december-2013-storms>

We note that the Utility Regulator's has included the GS review in its draft Forward Work Programme 2015-2016. This would be a worthwhile project that we fully support. There's also scope to examine and progress some of issues identified in our response as part of RP6.

We look forward to discussing and progressing this matter with the Utility Regulator, NIE and other relevant industry and government representatives over the coming months.



The Consumer Council

Making the consumer voice heard and making it count

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