



Empowering Consumers

Beginning a conversation
on consumer priorities
for the Northern Ireland
electricity network

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June 2016

Joint Chief Executives' Foreword

Having a reliable electricity supply in Northern Ireland (NI) is critical to householders and businesses. Consumers expect the electricity network will keep their lights on. Northern Ireland Electricity Networks (NIE Networks) is one of the few parts of the electricity industry in NI which remains a monopoly. For domestic customers, around one quarter of their electricity bill goes towards paying NIE Networks to transport electricity and provide services such as meter reading. For business customers the share is around 5-20% of their bill depending on their network connection point and their consumption.

Plans are being developed now that will determine the future shape of the electricity network up to 2024. NIE Networks will maintain and develop the electricity network in line with a programme of investment over the period from 2017 to 2024 (called RP6). The Utility Regulator will determine how much money should be provided to NIE Networks to deliver targeted outcomes for consumers.

To ensure consumers' opinions are fully incorporated in this programme of work, we pooled the expertise in our organisations to form the Consumer Engagement Advisory Panel (CEAP). We sought the views of householders and businesses on the aspects of electricity network services that matter most to them.

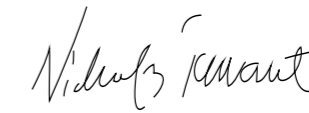
We expect that our conversations with consumers will continue through RP6 and beyond, especially on fuel poverty issues and where different consumer groups state a different willingness to pay for service improvements. Any lessons learnt will be built into future price controls.

This research report summarises our conversations with consumers and will inform the development of RP6 – both in terms of NIE Networks' business plan submission and the Utility Regulator's price control determination.

We would like to thank Perceptive Insight Market Research and Queen's University Belfast for their work supporting the Consumer Engagement Advisory Panel. We are also grateful to all who participated in the research.



John French
Chief Executive
Consumer Council



Nicholas Tarrant
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Jenny Pyper
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Utility Regulator

Executive Summary

This report by the CEAP summarises the main findings of extensive research carried out over 2015/16 to find out consumers' views on the NI electricity network and their thoughts on priorities for the network going forward. It uses the findings to formulate recommendations to take forward.

The research produced a number of papers based on the primary data and research undertaken. These papers are available to view and download at NIE Networks website (<http://www.nienetworks.co.uk/futureplans>).

Recommendations

The recommendations made by the CEAP in this report are listed below and are predominantly focused on improving the quality of consumer engagement over the next price control period

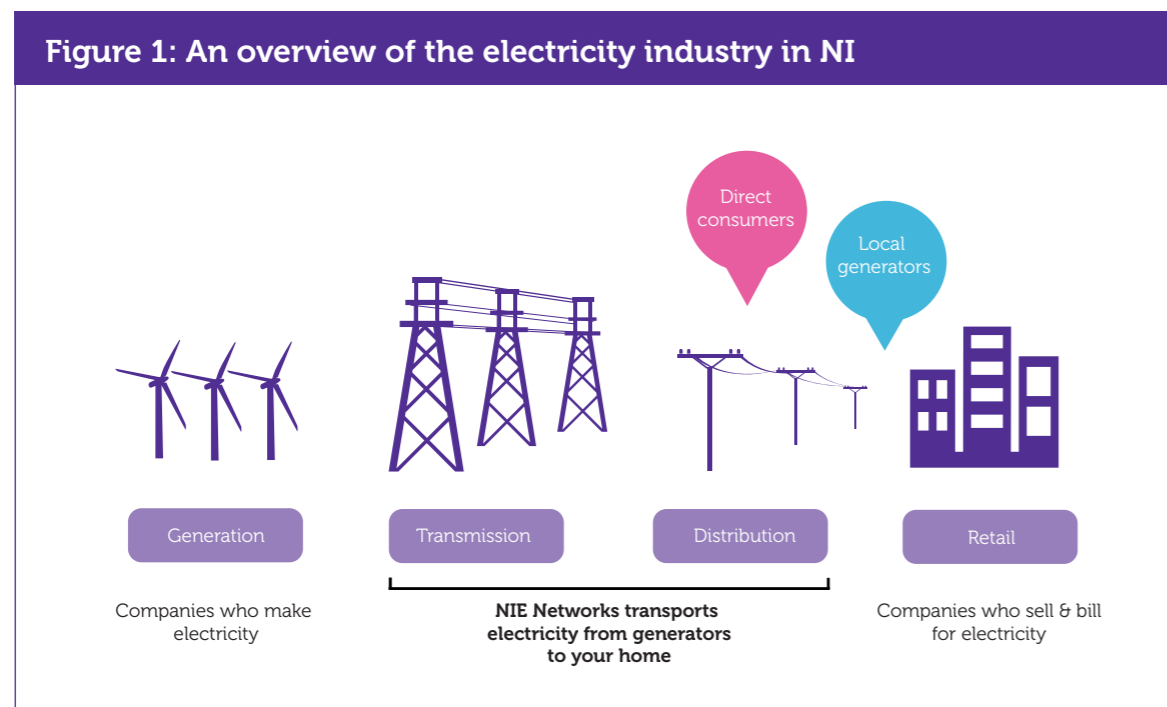
Recommendation 1	NIE Networks should increase efforts to improve knowledge of its role, specifically amongst domestic consumers and small businesses.
Recommendation 2	NIE Networks should take action to improve consumers' satisfaction with its connections process.
Recommendation 3	NIE Networks' development of alternative contact methods to give consumers choice must be sympathetic and mindful of consumers' preference for personal telephone contact. This may require more work to understand which contacts or transactions consumers will or will not do via different contact methods.

Recommendation 4	NIE Networks' investment in making the network more resilient to severe weather should be proportionate to the number of consumers it will protect.
Recommendation 5	NIE Networks should ensure that it balances the cost of investing in a future strategy between the needs of today's and future consumers.
Recommendation 6	NIE Networks should continue to have ongoing engagement with consumers throughout the RP6 price control and subsequent price controls. This should include the opportunity for consumers to evaluate if NIE Networks' performance is in line with the targeted RP6 outcomes which the research in this report informs.

Introduction

NIE Networks has a pivotal role in 'keeping the lights on' in NI.

NIE Networks owns and manages the electricity network which is made up of thousands of kilometres of lines and cables, substations and meters. The network starts at substations beside power stations or wind farms and finishes at around 850,000 meter connection points across NI. As well as maintaining and upgrading the network it continues to connect new homes and businesses.



How NIE Networks delivers and improves these services and the cost to consumers is determined by the Utility Regulator's Price Control framework. The next price control, known as RP6, will cover the period 2017-2024.

NIE Networks is developing a business and investment plan for RP6. Investment is needed to both maintain the existing levels of service and, where appropriate, to improve customer service, reduce power cuts, increase resilience to severe weather and prepare to meet the needs of consumers, today and in the future.

To ensure the consumer voice is heard and informs these plans, the CEAP was

established. The CEAP members include NIE Networks, the Consumer Council, the Utility Regulator and the Department for the Economy (DfE)¹.

NIE Networks commissioned Perceptive Insight Market Research, a professional market research company, which partnered with Queen's University Belfast to carry out the research and report findings to the CEAP.

The CEAP has made recommendations that we believe will help deliver improvements in the services provided by NIE Networks. The research was conducted in four phases:

- Phase One – 12 domestic focus groups, 15 in-depth interviews with businesses and five workshops with key stakeholder groups.
- Phase Two – 1,205 surveys with households and 508 telephone interviews with businesses.
- Phase Three – review of NIE Networks' draft RP6 business plan investment options by four re-convened domestic focus groups, eight in-depth interviews with businesses and a stakeholder workshop.
- Phase Four – in depth desk based research examining international stakeholder engagement models. Publication of 'The Way Forward', a six page consumer update of NIE Networks' investment plans for 2017-24. This was shared with consumers to provide a broad overview of NIE Networks' plans for the future.

The findings summarised in this report will be used by NIE Networks to inform investment priorities. These priorities will drive the Business Plan which it will submit to the Utility Regulator on 29 June 2016.

This report will also be used by the Utility Regulator when finalising its Draft Determination on the RP6 Price Control. This will be published on 20 January 2017.

¹ For the roles and responsibilities of these organisations see Annex.

Consumers and stakeholders will be able to use this summary report to assess NIE Networks' Business Plan proposals and the Utility Regulator's Draft Determination. In May 2017 the Utility Regulator will publish its Final Determination for the RP6 Price Control of NIE Networks.

Engaging with consumers is a continuous process. Looking beyond the Final Determination, NIE Networks has already committed itself to sharing its plans and listening to consumer feedback throughout the RP6 Price Control and beyond. As this ongoing process takes place, consumers and stakeholders will be able to refer back to this report to assess progress.

Throughout this report reference is made to domestic consumers², non-domestic consumers and stakeholders. Domestic consumers are households. Non-domestic consumers are businesses, farms, public bodies, charities and other organisations. Stakeholders are representatives of business (eg Ulster Farmers Union, Manufacturing NI, NI Hotels Federation etc.), domestic consumers (eg Commissioner for Older People NI, The Consumer Council, National Energy Action NI etc.), public administration and the environment (eg NI Environment Link, Friends of the Earth, Rivers Agency etc.)³.

Maintaining Current Service Levels

This section details key research findings on the theme of maintaining current service levels.

NIE Networks is responsible for maintaining and upgrading the network and connecting new homes and businesses. Currently it transports electricity to approximately 850,000 customers.

Domestic consumers' views on maintaining current service levels

- There is a high level of satisfaction with the current service provided by NIE Networks.
- Specifically, as shown in Figure 2, the majority reported that:
 - They trust that NIE Networks is striving to become more efficient;
 - They trust that NIE Networks will be effectively monitored; and
 - They are satisfied with the services provided by NIE Networks.
- They are unwilling to accept a lower standard of service from NIE Networks (see Figure 3).

"I don't think of electricity as a public service. It is just there. We take it for granted."
(Domestic consumer)

"We can't survive without electricity. We need it 24/7."
(Domestic consumer)

² The Consumer Rights Act 2015 defines a consumer as an individual (a natural person rather than a legally incorporated organisation such as a company) who is acting for purposes wholly or mainly outside his or her trade, business, craft or profession.

³ For a comprehensive list of all stakeholders see the Phase One paper available on NIE Networks website (<http://www.nienetworks.co.uk/futureplans>), Customer consultation, Phase One – qualitative report prepared for Northern Ireland Electricity.

Non-domestic consumers' views on maintaining current service levels

- Non-domestic consumers also have a high level of satisfaction with the current service provided by NIE Networks.
- The security of supply of electricity was commonly described as 'vital' or 'crucial'.
- Non-domestic consumers are more likely to be aware of the role of NIE Networks than domestic consumers.
- Very few reported any electricity related issues over the last 12 months.
- Most criticisms were focused on getting connected. (25% of those who applied for a connection would be critical of the service.)
- 53% would speak highly of the services provided, with just 5% being critical.
- There is agreement that NIE Networks should maintain current service levels as a minimum, with a majority unwilling to accept a lower standard of service (see Figure 3).

Figure 2: Views of NIE Networks

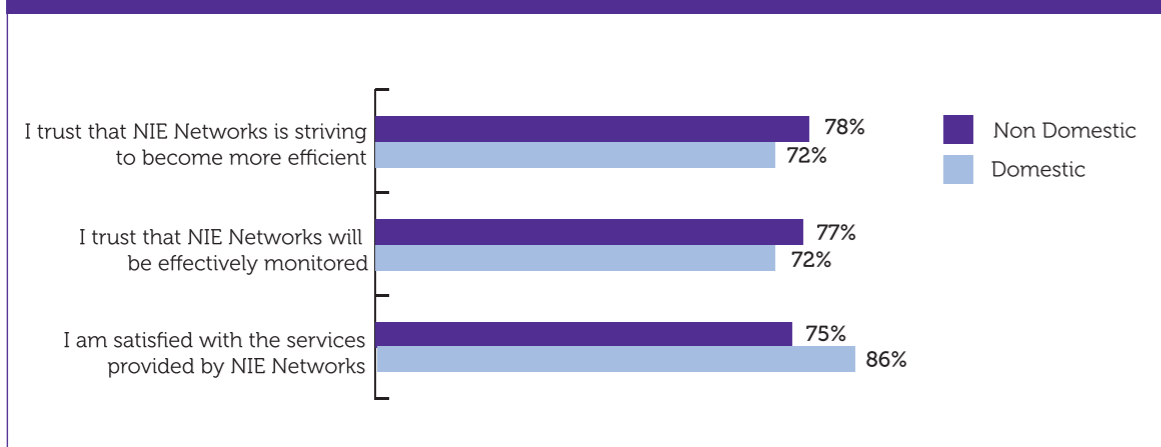
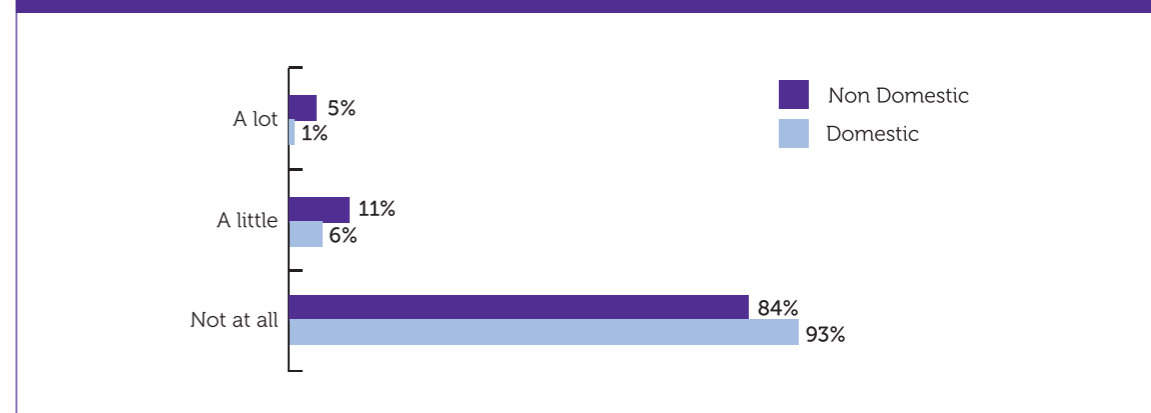


Figure 3: Willingness to accept a lower standard of service from NIE Networks if it meant your electricity bill is reduced



Stakeholders' views on maintaining current service levels

- Most stakeholders expressed positive views on the level of service provided by NIE Networks.
- Stakeholders noted that whilst they have a high level of awareness of the role of NIE Networks, this is not always the case for domestic and non-domestic consumers. Stakeholders recommended that more could be done to keep consumers better informed.
- There was recognition that the frequency of unplanned interruptions has reduced significantly in recent years.

“I think customers, particularly vulnerable customers, need to know who to contact for different issues. Who to phone if they have a query, NIE or the supplier.”

(Domestic representatives)

Recommendation 1

NIE Networks should increase efforts to improve knowledge of its role, specifically amongst domestic consumers and small businesses.

Recommendation 2

NIE Networks should take action to improve consumers' satisfaction with its connections process.

Improving Customer Service

This section details key research findings on the theme of improving customer service.

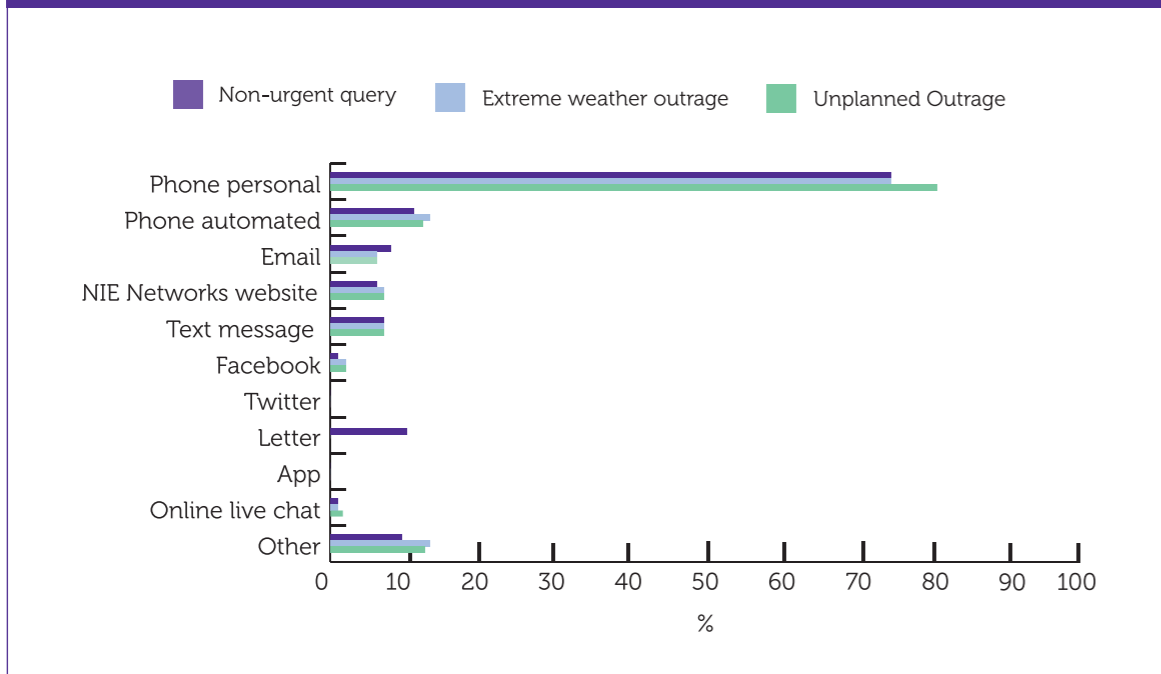
Currently NIE Networks:

- Is contactable by telephone;
- Has an online service allowing customers to report power cuts via their computer or internet enabled mobile phone;
- Uses Twitter 9:00 am – 4.30 pm to give information on power cuts and other queries; and
- Uses 'Powercheck' which is an online network map that allows customers to view power cut information in real time.

Domestic consumers' views on improving customer service

- NIE Networks should focus on improving customer service.
- There is a general dislike for automated services.
- Good customer service should include responsive, dedicated, knowledgeable and empathetic staff that can communicate effectively and obtain results for consumers.
- In the event of a disruption; information on the cause of the interruption, how it will be resolved and a time frame within which it will be rectified should be provided.
- As shown by Figure 4, contact by telephone is the preferred method of communication. However, in focus groups there was general consensus that a multi-channel approach may be appropriate given that younger customers in particular may be more comfortable with newer forms of electronic communication.

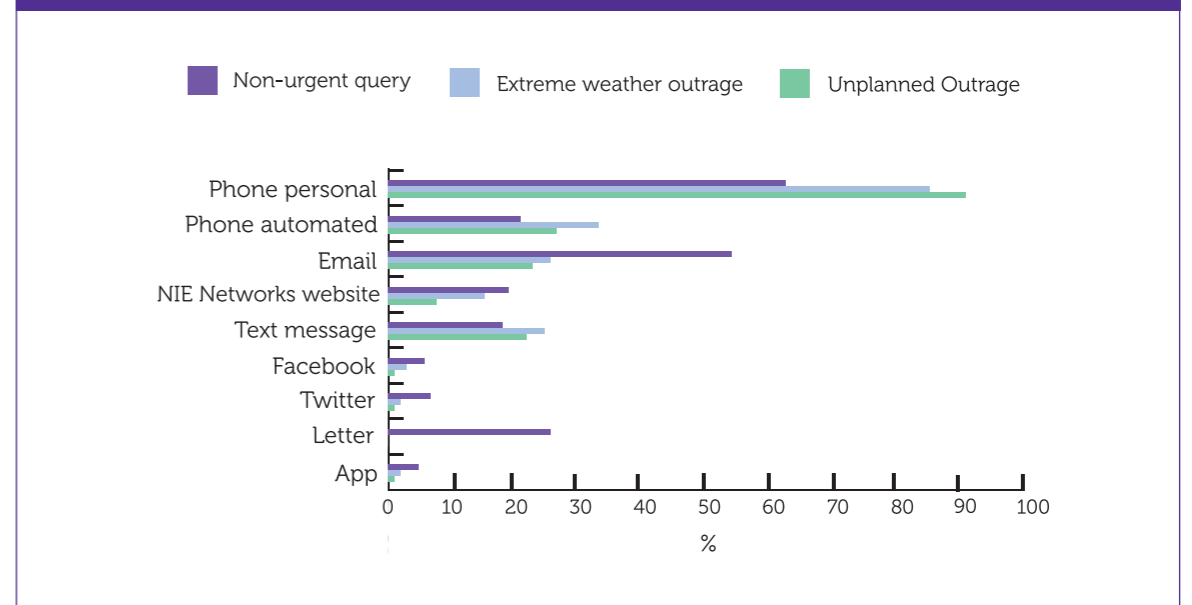
Figure 4: Methods of communication domestic consumers are most likely to use



Non-domestic consumers' views on improving customer service

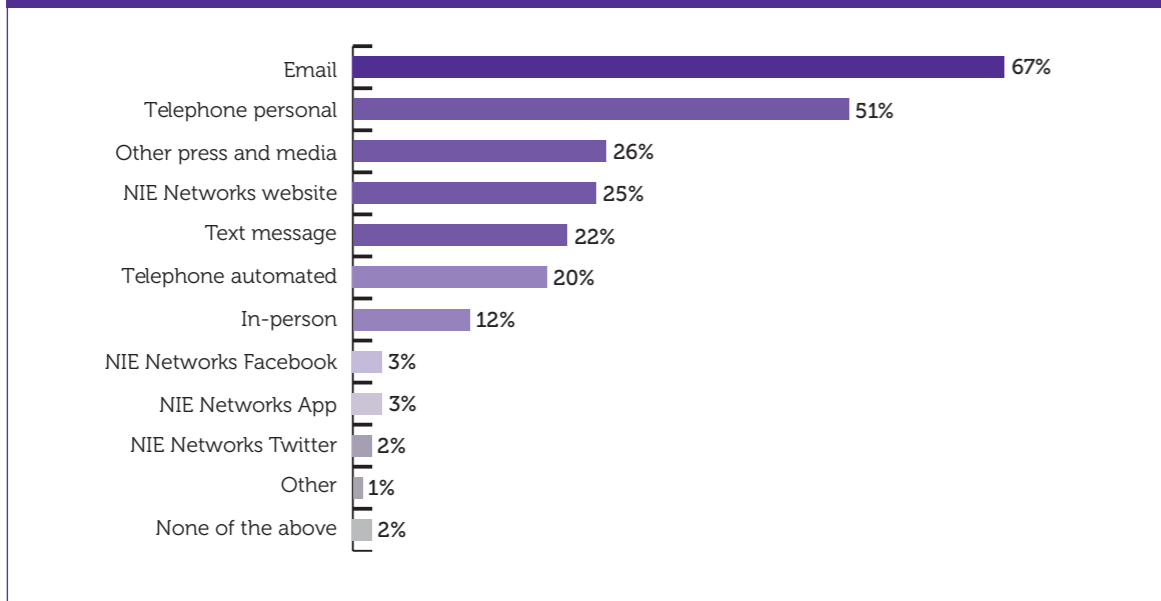
- Non-domestic consumers expressed a view that good customer service should include good customer contact procedures, effective communication, a timely resolution of complaints, knowledgeable representatives and direct personal contact.
- Personal contact with a dedicated account manager is the preferred channel of communication.
- Non-domestic consumers prefer a personal telephone call when NIE Networks contacts them (see Figure 5). However, they were prepared to be slightly more flexible in relation to their preferred mode of communication for this follow-up contact. For example, 67% indicated that they would like to be updated by email (see Figure 6).
- NIE Networks should focus on improving customer service.

Figure 5: Methods of communication non-domestic consumers are most likely to use



“Good customer service is having someone to talk to. I hate automated lines.”
(Domestic consumer)

Figure 6: Acceptable methods of follow up communication (non-domestic consumers)



"...if you had a key account manager they would build a relationship with you over time and they would give you a call and say 'your site here is going to be off for a time'. Talking is the best form of communication..."
 (Large healthcare provider)

Stakeholders' views on improving customer service

- Stakeholders expressed similar views to domestic and non-domestic consumers with regard to the characteristics of good customer service. These characteristics include brevity, clarity, ease of communication, and ensuring consumers are kept updated.
- They commended NIE Networks on their speed of response, improvements in customer service over time, and impressive HVCA system⁴.
- Some business representatives were concerned about delays in receiving communications from NIE Networks.
- Whilst most agreed with NIE Networks' proposal for improving customer service, others thought that there was still room for further improvement.

"I have experience of the HVCA system. I thought it was brilliant as it informed me that there was a fault, provided me with reassurance and gave me all the information I needed."
 (Domestic representatives)

Recommendation 3
 NIE Networks' development of alternative contact methods to give consumers choice must be sympathetic and mindful of consumers' preference for personal telephone contact. This may require more work to understand which contacts or transactions consumers will or will not do via different contact methods.

⁴ High Volume Call Answering System – an automated telephone answering system which, depending on the frequency of update can offer real-time information on outages to consumers who contact NIE Networks and whose phones provide caller-ID.

Reducing Power Cuts

This section details key research findings on the theme of reducing power cuts.

On average there are 7,500 power cuts in NI every year which are caused by faulty equipment, contractor damage, weather, vandalism and many other reasons. These power cuts affect approximately 140,000 customers per year and in nine out of 10 cases, NIE Networks restores power within three hours. However, around 5,000 homes and businesses every year experience unplanned power cuts which last over 10 hours. If there are major storms or extreme weather events, this number may rise significantly.

Some customers who live in rural areas are supplied by long and poorer performing overhead lines, some of which do not have re-supply connections available when a fault occurs. These customers experience considerably more faults per annum than the average customer. NIE Networks has identified approximately 12,000 customers who experience six or more power cuts in an 18 month period.

Domestic consumers' views on reducing power cuts

- Few had experienced electricity related issues in recent times.
- Those living in rural areas were more likely to have experienced an outage than those living in urban areas (see Figure 7).
- Continuity of supply was deemed more critical for those classified as 'vulnerable'⁵.
- NIE Networks' performance in resolving 89% of power cuts in three hours impressed domestic consumers.

- 45% do not recall having had a planned power cut⁶, while 20% reported a planned power cut within the past year. Almost half of these lasted less than three hours.

- 59% revealed that they would deem up to two power cuts per year to be acceptable. 73% would tolerate an outage lasting for up to four hours in duration.
- 42% do not recall having had an unplanned power cut, while 22% recall having had an unplanned power cut within the last year. Only 3% had more than two such unplanned outages.
- NIE Networks should focus its investment on reducing the duration of power cuts.
- Some expressed support for increased investment to further improve operational times in fault and emergency services situations.

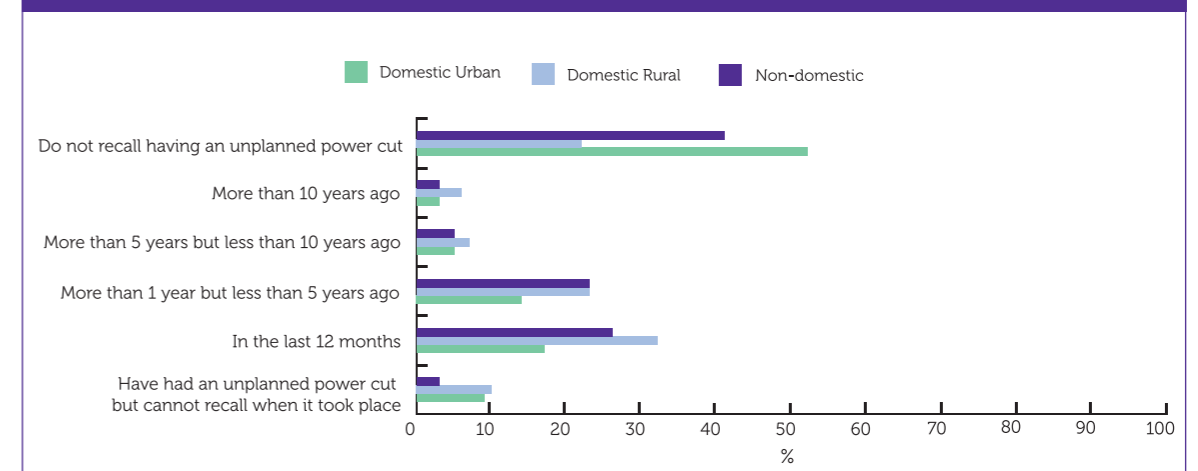
"You wouldn't like to be off any more than a couple of hours. Especially if you have children or are elderly."

(Domestic consumer)

"I use a stair lift; in a power cut I wouldn't be able to get up and down the stairs. My independence is completely diminished."

(Critical care group)

Figure 7: Incidence of experiencing an unplanned power cut



⁵ We define 'vulnerable' as including the elderly, those with poor health and those with babies/young children.

⁶ Where consumers have been given a date and time period in advance that there will be an interruption to their power supply.

Non-domestic consumers' views on reducing power cuts

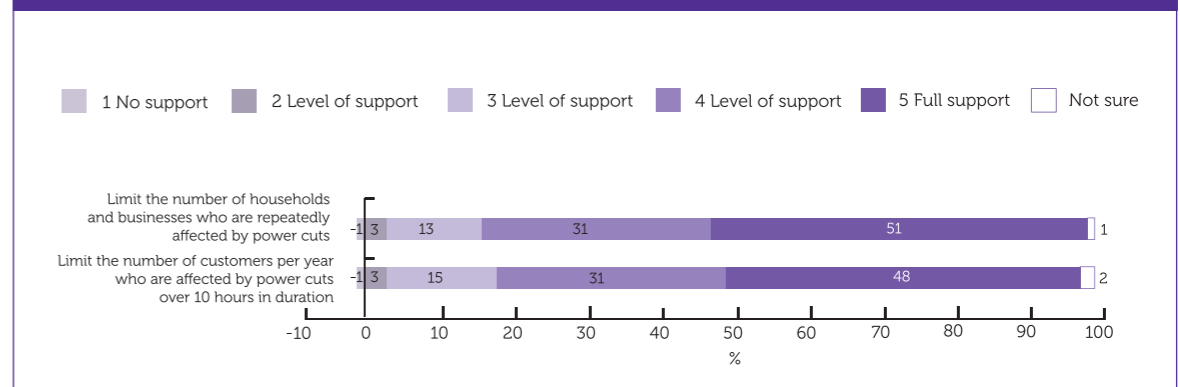
- Few reported any electricity related issues over the last 12 months, and there was general agreement that a small number of power cuts a year is acceptable.
- Duration of power cuts is more important, with short power cuts easier to deal with than sustained outages even if slightly more frequent.
- 49% cannot recall having a planned power cut while 41% indicated that they could not recall having an unplanned power cut (see figure 7).
- 55% perceived a planned power cut lasting one to four hours to be acceptable, but 19% believe it is unacceptable to be without power for any length of time to enable planned maintenance.

“Two 30 minute power cuts a year is probably better than one power cut lasting two hours. We can find things for staff to do for a half an hour but two hours would impact on the business and clients.”

(Urban, medium business services)

- As shown in Figure 8, the majority of non-domestic consumers supported investment to reduce the number of consumers repeatedly affected by power cuts, and those affected by power cuts over 10 hours in duration.
- Reconvened focus groups expressed preference for Option two⁷ (to both reduce the number of customers who experience power cuts lasting over ten hours in duration by 25% and to reduce the number of customers who experience six or more power cuts in an 18 month period by 20%).

Figure 8: Support for investments to deal with power cuts during normal weather conditions (non-domestic consumers)



“A power cut is something you are never going to completely eliminate and it is not always to do with NIE...I just don't think investing a lot of money in it would be the right thing.”

(Rural, sports club)

⁷ Two alternative options were presented during re-convened focus groups in Phase Three; Option one: to reduce the number of customers per year who experience power cuts lasting over 10 hours in duration by 25%. Option two: to both reduce the number of customers per year who experience power cuts lasting over 10 hours in duration by 25% and to reduce the number of customers who experience six or more power cuts in an 18 month period by 20%.

“It is very dependent on your circumstances. If you are a dairy farmer and have to feed the cattle...if you are on dialysis and there is no alternative. Acceptable duration is dependent on the situation.”

(Domestic representatives)

“Definitely more susceptible in rural areas. The security of supply is less robust. In urban areas there is a greater continuity of supply.”

(Business representatives)

Stakeholders' views on reducing power cuts

- Stakeholders noted the diminishing frequency and impact of power cuts, providing increased confidence in the robustness of the network.
- Views were mixed on the proposed investment to reduce power cuts. Some maintained that this would be a valid investment, as some are still impacted by power cuts, while others argued that it should not be prioritised as cuts are no longer a significant issue for most.
- Cost appeared to be the most prevalent factor when deciding which option⁸ for investment to choose, with the majority reporting that neither option is favourable.

Increasing Resilience to Severe Weather

This section details key research findings on the theme of increasing resilience to severe weather.

In the last five years, NI has experienced severe ice, snow, winds and floods, all of which have affected the electricity network and left thousands of NIE Networks' customers without power.

Although these events are relatively rare, the impact on homes and businesses is significant.

Domestic consumers' views on increasing resilience to severe weather

- Domestic consumers expressed high levels of support for investment in strengthening the network to increase its resilience to severe weather.
- There was strong agreement that the frequency of severe weather events is on the rise.
- Support for investment to reduce the impact of flooding was higher than for other severe weather events.
- Domestic consumers showed no clear preference of what level of investment and corresponding resilience level they wanted. Instead they chose a mixture of investment and resilience levels⁹.

⁸ Two alternative options were presented during re-convened focus groups in Phase Three; Option one: to reduce the number of customers per year who experience power cuts lasting over 10 hours in duration by 25%. Option two: to both reduce the number of customers per year who experience power cuts lasting over 10 hours in duration by 25% and to reduce the number of customers who experience six or more power cuts in an 18 month period by 20%.

⁹ Two alternative options were presented during re-convened focus groups in Phase Three; Option one: Upgrade 20% of the 11,000 volt network over a 15 year period to increase resilience to ice accretion. Protect nine major substations and 200 local substations from flooding from 2017 to 2024. Cut trees back on a 20 year programme to reduce the likelihood of power cuts during storms. Over 2017 – 2024, this will address 32.5% of the main network. Option two: Upgrade 20% of the 11,000 volt network over a 20 year period to increase resilience to ice accretion. Protect nine major substations and 400 local substations from flooding from 2017 to 2024. Cut trees back on a 15 year programme to reduce the likelihood of power cuts during storms. Over 2017 – 2024, this will address 43% of the main network.

“In bad weather you expect them to be prepared for it so it doesn’t take so long to come back on.”

(Domestic consumer)

“I think you need to protect the substations from flooding. When was the last time there was ice accretion?”

(Domestic consumer)

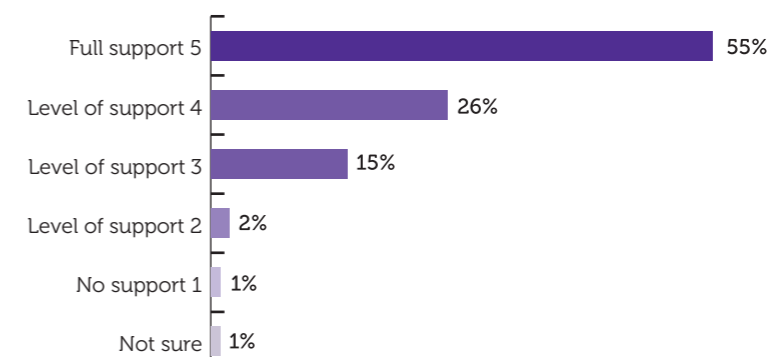
“It depends on the substation. If it will affect a large number of people, it should be protected. The investment should be proportional.”

(Large healthcare)

Non-domestic consumers’ views on increasing resilience to severe weather

- Non-domestic consumers expressed higher levels of support for investment in strengthening the network to increase resilience to severe weather (see Figure 9).
- As with domestic consumers, non-domestic consumers were more inclined to pledge their support for investment to reduce the impact of flooding.
- NIE Networks should invest in a mixture of investment activities in order to make the network more resilient to severe weather¹⁰.

Figure 9: Support for investment to strengthen the network to cope with extreme weather (non-domestic consumers)



“Flooding is a big problem and causes problems in this area. We are near a river and a substation here.”

(Small, urban personal service)

¹⁰ Two alternative options were presented during re-convened focus groups in Phase Three; Option one: Upgrade 20% of the 11,000 volt network over a 15 year period to increase resilience to ice accretion. Protect nine major substations and 200 local substations from flooding from 2017 to 2024. Cut trees back on a 20 year programme to reduce the likelihood of power cuts during storms. Over 2017 – 2024, this will address 32.5% of the main network. Option two: Upgrade 20% of the 11,000 volt network over a 20 year period to increase resilience to ice accretion. Protect nine major substations and 400 local substations from flooding from 2017 to 2024. Cut trees back on a 15 year programme to reduce the likelihood of power cuts during storms. Over 2017 – 2024, this will address 43% of the main network.

“Severe weather events are becoming more frequent.”

(Business representatives)

“The consequence of the severe weather events...it is not going to be an hour long outage. It is a major issue.”

(Business representatives)

Stakeholders' views on increasing resilience to severe weather

- All stakeholder groups expressed the view that incidents of severe weather are increasing in frequency.
- NIE Networks should increase investment in this area, with three quarters agreeing with the proposal.
- However, stakeholders expressed strong views about who should be responsible for paying for such improvements. For example, some suggested that increasing resilience to severe weather should be part of NIE Networks' business as usual plan.

Recommendation 4

NIE Networks' investment in making the network more resilient to severe weather should be proportionate to the number of consumers it will protect.

Future Strategy

This section details key research findings on the theme of future strategy.

The theme of future strategy considered two areas:

- Sustainability, with a focus on investment to support a low carbon economy; and
- Investing in stronger infrastructure to support the growth of the NI economy.

From wind turbines to photovoltaic (PV) panels installed on the roofs of houses, the way that electricity is produced is changing. New technology could increase flexibility to meet new and different demands on the network, such as electric vehicles, avoid costly reinforcements of the network and help keep down consumers' bills. To achieve this, NIE Networks will need to invest in the exploration of innovative technologies that will help to get the most out of the electricity network in the future.

Domestic consumers' views on future strategy

- While some groups struggled to identify with the concept and implications of this type of investment, almost all believed that NIE Networks should be planning for the future.
- As shown in Figure 10, over 50% were supportive of special investments for the future.
- When asked how many trials¹¹ they thought NIE Networks should take forward, most (72%) were in favour of the greatest level of investment proposed, although some participants did not feel qualified to make this judgement.

“It should be a priority to invest in the future.”

(Critical care group)

¹¹ During Phase Three consumers were presented with five trials that NIE Networks could carry out. These explored a range of technologies and approaches that potentially could be rolled out across the network in the future.

Figure 10: Support for special investments for the future (domestic consumers)

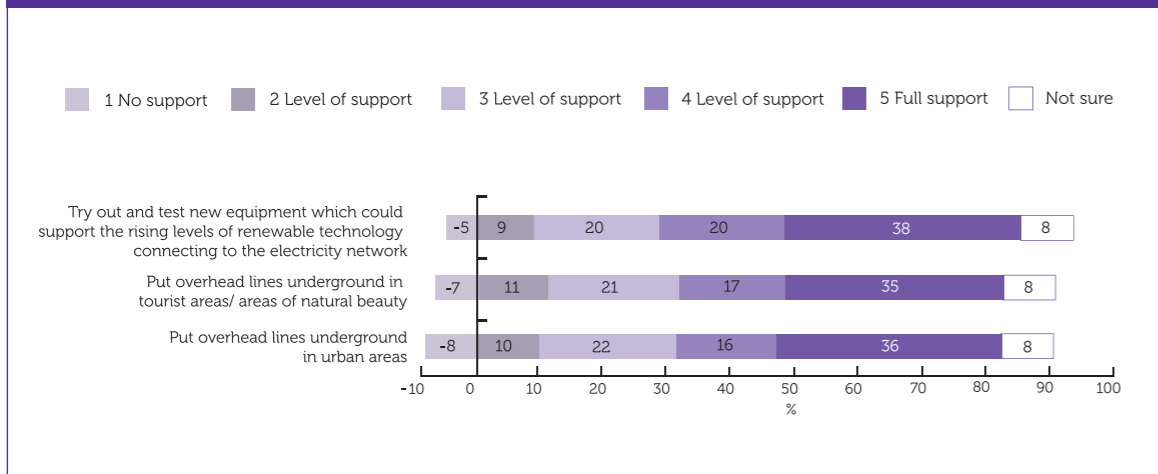
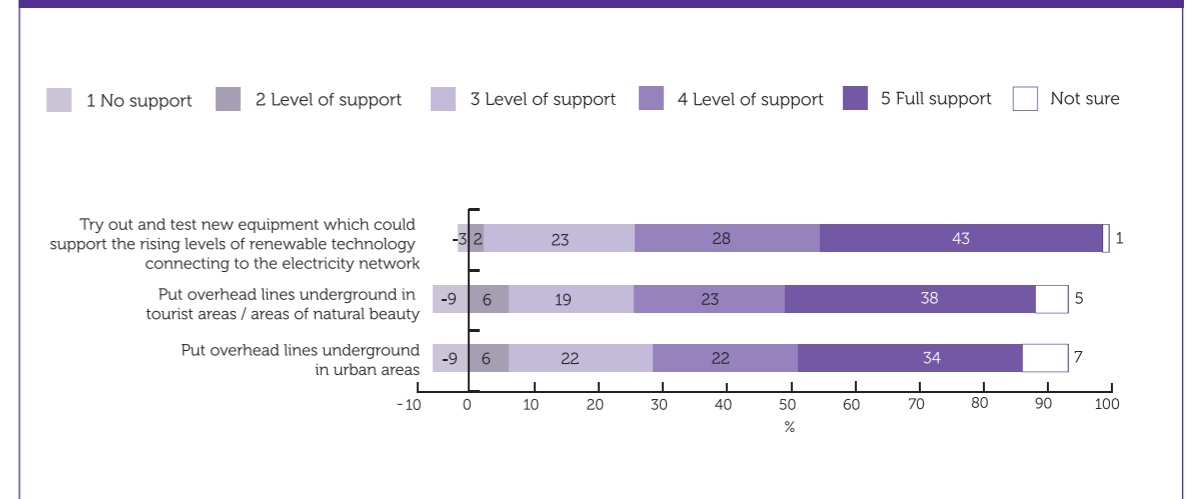


Figure 11: Support for special investments for the future (non-domestic consumers)



Non-domestic consumers' views on future strategy

- There was agreement that investing in future strategy is important.
- Figure 11 shows non-domestic support for special investments for the future. Support for these was higher than for domestic consumers, especially for 'trying out and testing new equipment'.
- Sustainability was mentioned spontaneously as something NIE Networks has to consider in its future planning as demand increases in line with government targets¹².
- Almost all were of the opinion that NIE Networks should take forward all the trials listed¹³. Of the small portion that chose a reduced number of trials, they reported that they did so because it was the least expensive option.

"It's a form of forward investing. NIE should be moving forward with new technological advances. They should be embracing them ... in order to provide businesses with a cleaner and more cost effective network."

(Urban, small manufacturing)

¹² The current Northern Ireland Strategic Energy Framework has a target of 40% electricity consumption from renewable energy sources by 2020.

¹³ During Phase Three consumers were presented with five trials that NIE Networks could carry out. These explored a range of technologies and approaches that potentially could be rolled out across the network in the future.

Stakeholders' views on future strategy

- Future strategy was spontaneously mentioned as a priority issue by some stakeholders prior to consideration of other service areas.
- Stakeholders were particularly interested in investing in smarter ways to operate the network to support innovation and sustainability.
- 90% agreed that NIE Networks should focus on making the network smarter as a strategic area for investment.

- Stakeholders expressed strong views that the customer should not have to pay for these investments. Instead, funding should be sought from government departments.

Recommendation 5

NIE Networks should ensure that it balances the cost of investing in a future strategy between the needs of today's and future consumers.

"There needs to be accelerated investment in grid modernisation to bring smarter technology to drive innovation in NI."

(Business representatives)

"NIE are saying that they don't have the capacity the network needs to enable low carbon technologies. They need to start planning for that now."

(Public admin & emergency planners)

Willingness to Pay

An important reason for consumer engagement is to establish through research whether consumers are willing to pay for service improvements over and above those which are necessary to maintain present levels of service.

One of the key aims of the research conducted on behalf of NIE Networks was to determine willingness to pay toward particular investment options.

Different approaches were taken to understand the willingness to pay for domestic consumers and non-domestic consumers. This is because there are different tariffs for non-domestic consumers and domestic consumers.

Non-domestic consumers' willingness to pay

Non-domestic consumers were asked the extent to which they would be willing to pay extra to improve service across five areas. These areas are customer service; future strategy and sustainability; environmental impact of the network; dealing with power cuts; and network resilience to extreme weather.

The following results were noted:

- 75% would not be willing to pay any extra towards customer service improvements;
- 74% would not be willing to pay any extra towards future strategy and sustainability;
- 71% would not be willing to pay anything extra towards reducing the environmental impact of the network; and
- 66% stated that they would not be willing to pay anything extra to make improvements to deal with power cuts; or to improve network resilience to extreme weather.

Domestic consumers' willingness to pay

Domestic consumers were informed that whilst most of NIE Networks' budget is already allocated to meet legislation to keep the network safe and to maintain current levels of service, certain areas can be improved. Three areas were identified for potential additional investment based on consumer feedback from Phase One. These were to:

- Deal with power cuts;
- Make the network stronger to cope with extreme weather; and
- Undertake special investments for the future.

Each area was described in terms of service characteristics which were assigned two possible levels of improvement to the current service level. Level one represented an improvement to the current service level and level two represented a higher improvement to the current service level.

The following results were noted:

- In investing to reduce the number and duration of power cuts, choosing to leave the activity at the current situation was chosen 51% of times.
- In investing to reduce the risk from extreme weather, choosing to leave the activity at the current situation was chosen 45% of times.
- In special investments for developing the network for future consumers, choosing to leave the activity at the current situation was chosen 50% of times.

Domestic Consumers were also asked how much they would be willing to pay for the highest level of investment which would provide improvements in all characteristics. The results were as follows:

- There was a willingness to pay an increase of up to £7 per annum¹⁴. However, this figure fell to £5 per annum amongst the 22% of consumers surveyed who were in income poverty¹⁵.
- Approximately 28% are not willing to pay anything for the highest levels of improvement. This increases to 42% for those in income poverty.
- The largest amount that anyone was willing to pay for the highest levels of improvement is £100. This figure drops to £60 for those in income poverty.

¹⁴ Median willingness to pay figures are quoted in this report. Justification for using the median is given in the corresponding paper available on NIE Networks website (<http://www.nienetworks.co.uk/futureplans>), Customer consultation 'Willingness to Pay' report (Discrete Choice Experiments for valuing the benefits of improved NIE services).

¹⁵ Defined as those households whose income is below the 60% of the median household income.

Consumer Engagement

The importance and form of consumer engagement was considered in Phase Four of the research. The Phase Four report makes recommendations regarding which models of consumer engagement may prove beneficial to NIE Networks' consumer and stakeholder groups throughout RP6.

The Phase Four report concludes that the CEAP engagement with consumers for RP6 is similar to best practice elsewhere. NIE Networks, along with its partners in the CEAP, must now consider how it will embed consumer engagement into its business as usual activity.

Recommendation 6

NIE Networks should continue to have ongoing engagement with consumers throughout the RP6 price control and subsequent price controls. This should include the opportunity for consumers to evaluate if NIE Networks' performance is in line with the targeted RP6 outcomes which the research in this report informs.

Next Steps

These research findings will inform NIE Networks' business and investment plan for RP6. Presenting detailed options allowed NIE Networks to check consumers' understanding of how their views were being incorporated into its draft strategic business plan.

The research will also inform the Utility Regulator's price control determination for RP6.

The various research reports undertaken depict at times a mixed picture of consumer priorities for investment in RP6 and beyond. For example, rural domestic consumers were far less willing to pay for service improvements than their urban counterparts. Furthermore, whilst domestic consumers stated some willingness to pay for service improvements the feedback from non-domestic consumers was very much the reverse. Clearly the research represents the first comprehensive attempt to have realistic conversations with NIE Networks' consumers over their priorities for service delivery. As such many more such conversations are required.

NIE Networks will submit its RP6 Business Plan to the Utility Regulator on 29 June 2016. The Utility Regulator will make a Draft Determination on 20 January 2017 which will be published for public consultation. The Utility Regulator will aim to use the findings of this work to inform its subsequent determinations to ensure a clear line of sight between clearly articulated consumer preferences and targeted RP6 outcomes.

As the consumer representative, the Consumer Council will be challenging NIE Networks to deliver on consumers' priorities for households and businesses in NI. The Consumer Council will check that the Business Plan makes clear the links between what consumers have said, the investment proposed and the benefits they aim to produce. In short, that NIE Networks has listened to its consumers.

Annex

Consumer Engagement Advisory Panel – membership – roles and responsibilities

The Consumer Council for Northern Ireland (The Consumer Council)

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

The Consumer Council has specific statutory duties in relation to energy, postal services, transport, and water and sewerage. These include considering consumer complaints and enquiries, carrying out research and educating and informing consumers.

Northern Ireland Electricity Networks (NIE Networks)

NIE Networks owns the electricity network in NI which transports electricity to approximately 850,000 customers.

Its main activities are constructing and maintaining the electricity transmission and distribution networks in NI and operating the distribution network. It connects new demand customers and renewable generators to the network. It provides electricity meters and metering data to suppliers and market operators to enable wholesale and retail settlement.

Due to its natural monopoly position, the amount of revenue which NIE Networks earns is subject to a price control. This is set by the Utility Regulator following consultation with stakeholders and the wider public.

Northern Ireland Authority for Utility Regulation (The Utility Regulator)

The Utility Regulator has three primary duties: to protect consumers' interests, to ensure that industry participants carry out their functions properly and are able to finance their functions. In discharging these duties, the Utility Regulator seeks to ensure that customers receive value for money.

Department for the Economy (DfE)

The Department for the Economy shares the same principal objective with the Utility Regulator in relation to electricity. This is to protect the interests of consumers of electricity by promoting effective competition in the generation, transmission and supply of electricity.



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Consumer Council Northern Ireland



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