

## **CIH Northern Ireland response to Call for Evidence on Protection for Consumers During Energy Decarbonisation**

This is a response to the call for evidence by the Utility Regulator and Consumer Council NI, regarding how energy consumers will be protected during the transition to a decarbonised energy system.

## Comments

CIH Northern Ireland welcomes the move to enhance consumer rights relating to decarbonised energy to be more in line with those in traditional energy generation. This response is a collation of evidence provided by the Northern Ireland Housing Executive (NIHE), Choice Housing, Radius Housing and Clanmil Housing. Collectively they manage around 115,000 social homes - around 90 per cent of social housing in Northern Ireland. NIHE is also the Strategic Housing Authority and the Home Energy Conservation Authority for Northern Ireland.

The views expressed in this response do not necessarily reflect those of an individual contributing organisation. In this evidence we consider both landlords and tenants as consumers of energy. We also consider the needs of consumers outside social housing such as homeowners and private landlords. We provide evidence for five of the 23 questions that we consider the most relevant to the housing sector.

CIH is the professional body for people who work in housing. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world. We have over 500 individual members in Northern Ireland.

**Q6. Which groups of market participants should the consumer protection be applied to in the context of a decarbonised energy system e.g. suppliers, installers? Please provide evidence and/or examples.**

Consumer protection should be applied to manufacturers, suppliers, and installers in pursuit of a holistic consumer protection scheme covering low-carbon home

technologies and installations. Excluding any participant within the supply chain creates a potential loophole where liability could be avoided.

There has been little customer support or parts availability for many low/zero-carbon system installations. This limits the opportunity to roll out the technology at scale, and in some cases has contributed to their removal and return to traditional systems. Furthermore, it creates difficulty in maintaining systems long term. Systems of concern include heat pumps and mechanical ventilation with heat recovery (MVHR), but also affected is whole house retrofit including internal and external wall insulation.

Notwithstanding, social landlords are well placed to use quality management systems and pursue standards through contracts. It is important that individual homeowners and private landlords can also avail of safeguards when accessing similar energy efficiency measures, further highlighting the need for broad and effective consumer protection during energy decarbonisation.

The Housing Executive's [Sustainable Development Strategy 2022](#) (p.23) notes the following regarding the energy transition and pre-existing social inequalities:

### **A Just Transition**

The energy transition must not deepen pre-existing social inequalities. The economic burden of the transition should be weighted towards the most polluting industries and manufacturers, not consumers. For these reasons we support just transition principles as guidance on our pathway toward achieving our carbon reduction targets and overall vision i.e. ... Make sure the costs do not burden those least able to pay and the benefits of our transition are shared equitably.

**Q10. Please provide evidence, insights and/or examples of the types of protection which could be used for the various heat sources technologies and sectors and the advantages or disadvantages of these.**

Installers

Public funding will be a key driver of energy decarbonisation and should also be used to drive standards. If public funds are used towards installations, a quality mark should be obligated with works carried out only by an accredited installer. Accredited installers could be included on a register that is compliant with government grant requirements.

The grant process should also incorporate checks and balances to ensure that a given system is suitable for a property. For example, we must avoid the situation where consumers face the installation of heat pumps without fabric improvements where the latter is required to ensure thermal comfort and cost-effective operation of the pump.

Wider installation standards and regulation could be similar to Gas Safe or NICEIC but specific to energy technology. Regarding retrofit, a quality assurance standard such as PAS 2035 could be required.

Installer accreditation could incorporate a requirement to demonstrate and explain the use of new technologies to end users. This would help to close the knowledge gap and drive behavioural change in the use of decarbonised energy systems.

Thought must also be given to maintenance and servicing. Installations should include service agreements that could be in place for a minimum of two years post installation, with service intervals clearly outlined to the owner / user thereafter. At the end of the two years an option to extend the service level agreement should be available.

### Manufacturers / suppliers

- Serviceable parts guarantee for 15 years post install should be standard for any systems that comply with government grants (manufacturers)
- Standard manufacturer warranty for all main components for a minimum of five years with options to extend warranties either with suppliers or other third party insurers (manufacturers and suppliers)
- Product description to include performance (e.g. EPC), outputs, life expectancy
- Standardised product life cycle cost information.

### Other considerations

Building regulations should incorporate minimum standards for new-build properties and inspectors should ensure quality control. This is particularly important through the construction process where many key components are not visible upon completion.

### **Q13. Please provide evidence, insights and/or examples of what other type of business practices should be considered in relation to protection during transition?**

The way that energy is charged should fundamentally be considered in relation to protecting consumers. First, there is a need to expand 'time of use' tariffs to enable the delivery of decarbonised heating solutions. Consideration should be given to a daytime electrified heating tariff. In a similar fashion to the EV tariff and the Economy 7 tariff, a separate tariff for daytime electrified heat should be considered to encourage wider adoption of decarbonised options such as heat pumps.

Second, we should consider alleviating the additional financial burden on households who are pay as you go consumers and cannot move to a credit-based

account with their provider. Price plans could be regulated in the context of decarbonised energy, and/or the burden could be eased through targeted subsidy.

Third, a more radical proposal but one that is targeted and could be administratively efficient, is to introduce a social tariff for all social housing – Housing Executive and housing association homes. Over 70 per cent of social housing tenants in Northern Ireland receive full or partial housing benefit / universal credit to help with their rent, and there is an over-representation of people with a long-term illness or disability and who are unable to work.

Furthermore, one social landlord shared their experience from the energy crisis that among their tenants it is the ‘working poor’ who are highest risk of fuel poverty. Although the latter group can be means tested, it is often the case that this demographic is unaware to apply for modest supports.

Therefore, a standard social tariff for social housing could be a targeted way to offer financial support to people who need it. It also recognises that social landlords are the leaders of energy efficiency work and so this intervention fits the context of the move to decarbonised energy.

**Q18. Please provide evidence, insights and/or examples as to what additional protections vulnerable consumers will likely need as the energy transition develops?**

We need a campaign of education and advice to explain both the benefits and challenges of living in an airtight, thermally and energy efficient home. It is essential to introduce a baseline of understanding now of ‘how to live well’ in a modern home which depends upon non-traditional systems of ventilation and heating.

Separate billing of electricity for heating / hot water could play a role in this education piece. At present most consumers have a gas or oil bill separate to their electricity bill, which enables them to see what is being spent on heating. If there is only one meter where a heat pump is used, it becomes difficult to distinguish what energy is consumed for heating and hot water compared with other consumption. One social landlord advises that it can then be challenging for their tenants to budget all their household energy on one meter.

For example, a low-income household is on a pre-pay meter. They top up £10 and use all their electricity on heating and hot water in the evening, and they have no credit left for other household usages the next day. This is very stressful where they need electric showers, refrigeration or cooking facilities in the morning before school or work. In many cases the heat pump is held responsible for running down the credit. Although this is an education piece, the separation of bills would help to show how the heat pump operation is impacting their bills. It could also help to reduce stress.

**Q22. Please provide evidence, insights and/or examples as to what additional protections Voluntary and Community Sector consumers will likely need as the energy transition develops?**

If a meter for electricity is registered on behalf of a housing association, it would be beneficial for it to have its own distinction such as social housing or a charity. This could employ a special tariff e.g. the energy regulator requires that suppliers price match green tariffs with their lowest market tariff for social landlords.

At present social landlords procure electricity, gas and oil across multiple accounts. These could feature a single tariff or a combination of large business, small business and domestic tariffs. One social landlord advises the latter approach presented challenges where energy support packages were implemented during the energy

crisis, i.e. the consumption was used for domestic purposes but registered as a business usage. The variance in the meter types employed makes managing and procuring energy a significant task. This is particularly true of electricity.

In addition, smart metering should be rolled out to allow for billing accuracy and more precise management of consumption.

### **About CIH**

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple - to provide housing professionals and their organisations with the advice, support, and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world. Further information is available at: [www.cih.org](http://www.cih.org).

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