



## The Consumer Council Response to the SONI Transmission Development Plan 2020-2029

11 December 2020

### The Consumer Council

1. 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 Northern Ireland.
2. 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. Consumer Principles
3. The Consumer Council welcomes the opportunity to respond to the SONI consultation on its Transmission Development Plan. We use the eight consumer principles shown in Figure 1 as a framework that asks important questions about service design and delivery, consumer impact and how services should look and feel to the consumer, and that helps assess regulatory decisions from a consumer perspective.

Figure 1: The Consumer Council's Eight Consumer Principles



4. The consumer principles also establish a common language that all stakeholders (Government, Regulator, Consumer Advisory Body, and the Company) can use to meaningfully and constructively engage with consumers to develop trust and a better understanding of the value for money a company/price control can provide.

#### **SONI Draft Transition Development Plan 2020-2029**

5. The Consumer Council has this year provided consultation responses to the Department for the Economy Energy Strategy Call for Evidence and the Utility Regulator Draft Determination on the SONI Price Control 2020-2025 in relation to decarbonisation and consumer Impact. Similarly this document serves to lay out the necessary groundwork required to strengthen the grid while ensuring security of supply. This is a highly technical document, however the end users are all domestic and I & C consumers in Northern Ireland. These groups will be affected by any proposals for network investment. It is essential that SONI understands how these proposals will affect consumer bills and demonstrates this in its proposals. Any network investment must meet consumer needs, must be the most efficient option and must ensure consumer energy costs are affordable.
6. As the Energy Strategy Call for Evidence document has made clear, there is a need for heightened capacity due to the increased electrified heat and electric vehicles as fossil fuel subsequently diminishes. This necessitates, as outlined in this Development Plan, a largescale programme of work to ready the grid. The Consumer Council is not providing a cost benefit analysis of the itemised projects in the plan, however we would respectfully make the following observations.
7. Utilising the key issues that The Consumer Council provided to the Department for the Economy, we made a number of points in relation to maintaining security of supply primarily around fair charging of transmission and distributions costs. The original report from the Committee for Climate change stated that renewable generation will cost less than gas power<sup>1</sup>. The Transmission Development Plan provides details on each programme but the estimated total cost does not elaborate on the overall likely consumer cost borne as a result of the necessary works. Consumers 'typically' pay 2%<sup>2</sup> for TSO running costs, therefore SONI must clearly demonstrate how the infrastructure development will translate onto bills.
8. In our previous response to the Utility Regulator Draft Determination on Price Control 2020 – 2025 we recommended that SONI could engage more with consumers and should focus more on consumer benefits. Additionally the analysis we commissioned from SLG Economics highlights the importance that the UR's interventions deliver value for money for consumers. For instance, that additional system outputs deliver value to consumers in a way which benefits them. The Consumer Council therefore suggests that SONI demonstrates within the plan how it takes

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<sup>1</sup> <https://www.theccc.org.uk/wp-content/uploads/2019/05/Net-Zero-Technical-report-CCC.pdf>

<sup>2</sup> <https://www.uregni.gov.uk/sites/uregni/files/consultations/SONI%20price%20control%202020%202025%20draft%20determination.pdf>

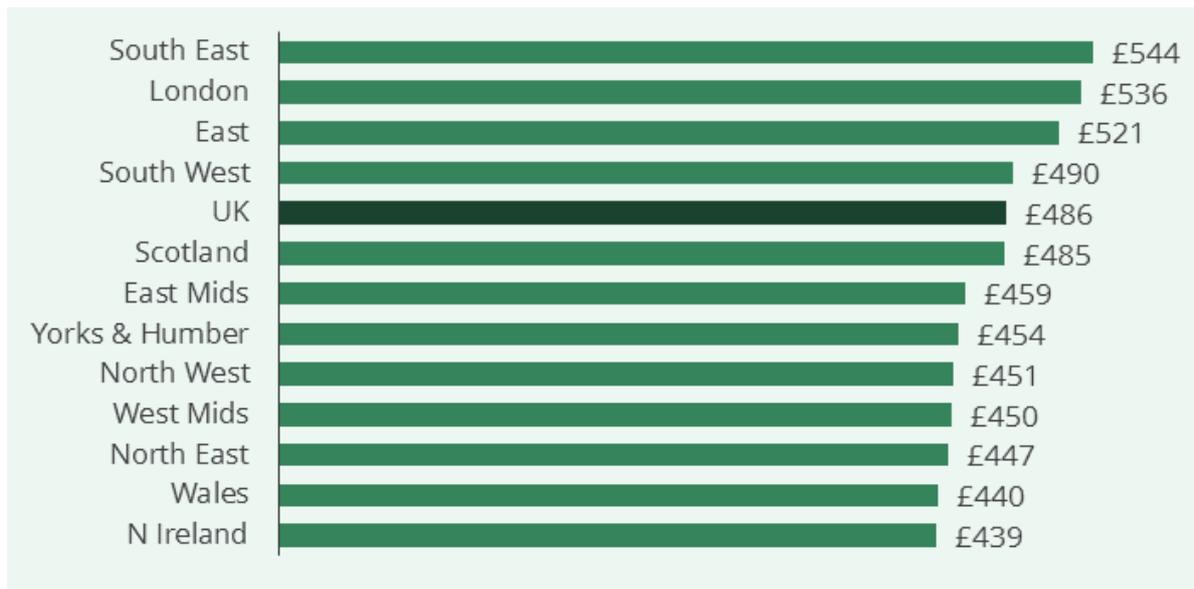
account of the impact of consumers and that this will deliver value for money for consumers in its updated plan.

9. Northern Ireland has a number of socio-economic indicators demonstrating lower incomes and higher spend on energy than our GB counterparts (see Tables 1-3 below). The transition to a Net Zero 2050 vision should ensure that consumer interests are protected and the most cost-efficient path to this transition is chosen. The lower population here also means that there are less people to spread the burden of cost. It is vital energy bills are affordable to all consumers especially those that are more vulnerable, for instance, consumers with low incomes.

**Table 1. Spending on Energy (Electricity, Gas and Other Fuels) Source ONS March 2020**

Region	Average Weekly Expenditure
<b>UNITED KINGDOM</b>	<b>£23.10</b>
<b>ENGLAND</b>	<b>£22.90</b>
North East	£21.90
North West	£23.50
Yorkshire and Humberside	£21.20
East Midlands	£22.90
West Midlands	£22.90
East	£23.10
London	£22.70
South East	£22.80
South West	£23.00
<b>WALES</b>	<b>£23.40</b>
<b>SCOTLAND</b>	<b>£24.40</b>
<b>NORTHERN IRELAND</b>	<b>£26.50</b>

**Table 2. Median Weekly Incomes before Housing Costs**



(Source: House of Commons Briefing Paper –April 2018)

**Table 3. Median weekly wage by region**



(Source ONS Annual Survey of Hours and Earnings, 2020)

10. The Consumer Council acknowledges that the 2030 target requires significant investment and the work schedule should be commenced rapidly however the Final Energy Strategy is not due until November 2021 so it may be judicious to pause until the clear direction of travel is clarified around heat decarbonisation, only lately the Minister for the Economy made a statement on the Hydrogen sector.

11. The document states uncertainty on how the Single Electricity Market will be affected after 31 December, there may be alternative GB trading January 2021<sup>3</sup> at the time of writing there have not been any trading arrangements laid out.

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<sup>3</sup> <https://www.gov.uk/government/publications/trading-electricity-if-theres-no-brexite-deal/trading-electricity-if-theres-no-brexite-deal>