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## **CONSUMER COUNCIL CHALLENGES SCALE OF NIE ENERGY INCREASES AS CONSUMERS REEL FROM DOUBLE ENERGY PRICE RISE IN ONE DAY**

The Consumer Council believes that today's unprecedented increases in electricity and gas prices – the second this year – will strike fear and distress into many consumers already anxious about their ability to make ends meet in the face of spiralling costs this winter. They called for the scale of the NIE Energy price increase to be re-examined in order to ensure that consumers receive a full and satisfactory explanation and justification as to why NIE Energy's level of increase is almost double that in the rest of the UK<sup>i</sup>. The Consumer Council is looking to the Northern Ireland (NI) Executive to establish an emergency winter fund to help struggling households cope with the rising cost of keeping warm and well this winter.

Eleanor Gill, Chief Executive of the Consumer Council said: "These price rises are truly shocking for consumers and people will struggle to cope. The Consumer Council accepts that our electricity and gas bills have to go up to cover the rising costs of wholesale energy. Having considered all the information provided to us, we accept that Phoenix's level of increase bears scrutiny and is broadly in line with the rest of the UK.

"However NIE Energy's scale of increase is not and it needs urgent and further explanation - in just 10 months their rate of increase has almost doubled compared to the rest of the UK even though we are told that global energy prices are behind these rises. The Consumer Council cannot accept an increase of this scale until this fundamental question is fully answered. In the absence of competition consumers need to be fully satisfied that the regulatory system works

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<sup>i</sup> Since January 2008, the average electricity bill has increased by 29% in GB and 52% in NI and the average gas bill has increased by 50% in GB and 53% in NI. (Source: electricity figures for GB from energywatch, NI electricity figures are based on NIE Energy Home Energy Tariff, gas figures for GB from energywatch, NI gas figures Phoenix Supply Ltd).

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in their best interests now and in the future as we face into an era of higher energy prices and rising cost of living.

Turning to the devastating impact of the increases, Eleanor Gill continued:

“The spectre of financial hardship hanging over many people is real and immediate. Put simply, people can’t find extra money they don’t have to keep the lights and the heat on in their homes. We believe that today’s increases will make the vulnerable even more vulnerable and could tip the tens of thousands of others who are just about coping over the edge. We know that in 2006 one in three homes were deemed to be in fuel poverty<sup>ii</sup> – it is frightening to think how many more households will be plunged into fuel poverty as a result of these increases.

“The Consumer Council is calling on the NI Executive to urgently establish an emergency fund to give fuel poor households financial help to keep warm and well this winter to coincide with these price increases. We believe that this fund must include contributions from the energy industry as well as the Treasury who will collect an additional £40 million in taxation and duty in Northern Ireland alone this year<sup>iii</sup> due to the rises in fuel prices.

“Consumers will need more support in making sure that their homes are energy efficient in order to save money on their household bills. However for many people facing appalling rising costs of living, the only efficiency they may have left is to switch the lights and heat off altogether. They must also ensure that they find the best way of paying their bills and consumers may be able to budget better or save some money by paying by direct debit or pre-payment meter.

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<sup>ii</sup>Level of fuel poverty in NI =34%. (Source: NI House Condition Survey 2006, NI Housing Executive).

<sup>iii</sup>Consumer Council calculation that Her Majesty’s Revenue and Customs will receive £39,877,344 (£14,748,344 is from Home Energy and £24,639,000 is from Road Fuel Tax) in additional revenue in 2008/09 from the increased VAT and Road Fuel Tax paid by Northern Ireland consumers.

## **CONSUMER COUNCIL CHALLENGES SCALE OF NIE INCREASES AS CONSUMERS REEL FROM DOUBLE ENERGY PRICE RISE IN ONE DAY 3**

“For information on energy efficiency contact the Energy Savings Trust on 0800 512 012. If you are struggling to pay your gas or electricity bill, contact your supplier and discuss the best method of payment for you. If you are finding it hard to manage your household budget or are in debt, don't bury your head in the sand and get help early. Contact Citizens Advice 028 9023 1120 or Advice NI 028 9064 5919.”

### **ENDS**

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2. The Consumer Council is an independent consumer organisation, working to bring about change to benefit Northern Ireland's consumers. The Council campaigns for high standards of service and protection and a fair deal for all. It also carries out research, gives advice and publishes reports and other publications. It deals with individual complaints about buses, trains, planes, ferries, natural gas, electricity, coal and water.
3. For more information, visit our website at [www.consumercouncil.org.uk](http://www.consumercouncil.org.uk)