



The Consumer Council

Ian Davidson
NIAUR
Queens House
4 Queen Street
Belfast
BT1 6ER

17 April 2009

Dear Ian

The Consumer Council welcomes the opportunity to comment on the Northern Ireland Authority for Utility Regulation's (NIAUR) Premier Transmission Limited (PTL) and Belfast Gas Transmission Limited (BGTL) Operating Expenditure Review.

The Consumer Council appreciates that the nature of a mutual company means that consumers benefit from efficiencies made but bear the risk from inefficient management. To that end we appreciate that NIAUR's review into the operating expenditure (opex) of PTL and BGTL is only in the form of a "shadow" price control as they are not regulated companies. Nevertheless the review is useful in the context of a benchmarking exercise.

The Consumer Council notes that the "shadow" minded to determination of the opex of both PTL and BGTL is significantly less than PTL and BGTL's own forecast figures - 17.2 per cent less for PTL, and 22.6 per cent less for BGTL in total for the years 2008/09, 2009/10 and 2010/11. We note that these are forecast figures only, and the "shadow" price control provides a mechanism whereby PTL and BGTL can strive for further efficiencies during the period.

Given that NIAUR's forecast for opex highlights that there could be scope for further efficiencies compared to PTL and BGTL's forecast figures, we would urge PTL and BGTL to endeavour to out perform NIAUR's forecast

expenditure figures. Any actual costs incurred by PTL and BGTL should also be made publicly available in the interests of transparency and openness, and explanations provided in the event that actual opex is higher than NIAUR's forecast.

The very ethos of PTL and BGTL's mutual model is to act in the best interests of Northern Ireland consumers. To this end, we seek that PTL, BGTL and NIAUR agree on a mechanism whereby NIAUR offer guidance and support if it is perceived that PTL or BGTL cannot meet this objective.

We consider these steps will provide further protection for energy consumers in Northern Ireland who are already exposed to higher prices.

I trust you find this useful. If you require further information please contact me.

Yours sincerely

Ciara McKay
Senior Consumer Affairs Officer