By Email Only

Retailoperations@uregni.gov.uk

Jewel Joshy
Utility Regulator
Millennium House
Great Victoria Street
Belfast, BT2 7AQ

30 July 2025

RE: Budget Energy Response to MCR 5005 Consultation on Customer Bulk Transfer

Dear Jewel,

Budget Energy Ltd, part of the wider Flogas Group, welcomes the opportunity to respond to the Utility Regulator's MCR 5005 Consultation. This submission addresses the questions set out in the consultation paper and outlines our views and recommendations.

Budget Energy, based in Derry, is a licensed electricity supplier serving over 100,000 domestic and non-domestic customers across Northern Ireland. Together with Flogas Enterprise Solutions and Flogas Northern Ireland, all entities operate under the DCC plc Group, which includes a growing portfolio of renewable energy assets such as wind, solar and anaerobic digestion. For the purposes of this response, we refer collectively to the group as Budget Energy.

1. **Do you agree with the proposal outlined in MCR 5005 and the proposed creation of a new market procedure (MP NI 40)? Please provide rationale.**

Budget Energy supports the introduction of a market mechanism for partial market exits through MCR 5005 and the creation of MP NI 40. We recognise the need for a structured process that enables suppliers to exit specific sectors voluntarily without triggering a full market exit or the Supplier of Last Resort (SoLR) process.

We support the development of a process that provides operational clarity, ensures continuity of supply and protects customer interests where a commercial agreement exists between suppliers. In our view this offers a practical route to maintain market stability while avoiding unnecessary disruption for customers.

We also welcome the collaborative engagement across industry stakeholders, including Northern Ireland Electricity Networks (NIEN), Central Design Authority (CDA) Board participants and the Market Entry Process Coordination Team (MEPCT), in progressing this proposal. In addition, we support the inclusion of assurance testing and governance arrangements to allow the Utility Regulator to monitor the process and uphold market integrity.

2. **Are there any steps within MP NI 40 that require amendment or clarification? Please provide rationale for any changes.**

Yes. We recommend the following points for consideration:

Withdrawal mechanism: A clear step should be included that would allow either party to withdraw from MP NI

40 before the Bulk Transfer Date. This reflects the realities of negotiation and avoids parties who have entered into commercial negotiations being locked into a process where terms can no longer be agreed or unforeseen issues arise.

UR oversight: Clarification is required on the criteria for when the Utility Regulator may suspend or halt the MP NI 40 process. This will provide greater transparency and certainty for all parties.

Glossary reference: The term "Bulk Transfer Date" could be revised to reflect operational realities and provide flexibility rather than tying the process to a single day. This would accommodate transfers taking place over a defined period or in stages.

3. **Are there any additional consumer protection provisions that should be added to MP NI 40, or considered alongside the procedure, to prevent consumer detriment or harm? Please provide rationale.**

Consumer protection should be central to MP NI 40. We recommend the following:

Clear opt-out: Customers should receive plain, accessible information and a simple way to opt out and to choose an alternative supplier.

Credit and debt handling: Customers should be made aware of how credit and debt balances will be managed during and after the transfer. For prepayment customers, our understanding is that credit balances will not automatically transfer to the new supplier. Any remaining credit should be refunded by the exiting supplier within an agreed timeframe (such as 30 working days) without adding unnecessary reporting requirements. Any existing debt should remain with the exiting supplier unless an agreement is made with the incoming supplier as part of the transfer, in which case repayment terms must be clear to the customer. It is our view that oversight should focus on compliance without introducing excessive administrative burdens.

4. **Are there any other factors in relation to this proposal that you think should be considered?**

Yes. We wish to highlight the following points:

Implementation complexity: MP NI 40 will require significant operational coordination, testing and customer service planning, particularly for large-scale transfers involving prepayment customers. For our impact assessment to NIE Networks, we estimated significant implementation and potential system upgrade costs. These costs were provided to NIEN as part of the impact assessment previously submitted. These costings illustrate the scale of resource commitment required and reinforces the need for proportionate assurance requirements, realistic timelines and flexibility in implementation. Without this, the cost burden on suppliers could be substantial and may impact operational priorities and overall market sustainability.

Customer service: Transfers will very likely lead to a spike in customer contact. Clear, consistent communications and allowances for reporting variations should be considered by the UR and aligned with timelines for bulk transfer and onboarding of customers.

Optional nature: Participation in MP NI 40 should remain voluntary. Non-participating suppliers should not be required to make system changes or undertake assurance testing.

Socialisation of costs: We strongly oppose any proposal to socialise costs arising from MP NI 40 across the wider market or through the PSO. MP NI 40 is intended to facilitate a commercial agreement between two suppliers, and costs should remain with those parties. This is fundamentally different from SoLR, which protects customers in the event of supplier failure. MP NI 40 does not indicate market failure and should not trigger mechanisms designed for such scenarios. We also do not support creating a new licence condition to allow recovery of these costs.

Distinction between SoLR and MP NI 40: Allowing costs to extend beyond the participating parties would set an undesirable precedent, risk distorting competition and could deter new entrants. While MP NI 40 provides a practical route for partial exits, repeated use or cost socialisation could affect market diversity and reduce consumer choice. We encourage the Utility Regulator to monitor these risks and maintain conditions that support competition, supplier sustainability and long-term market stability.

5. **Do you have any other comments in relation to the proposal?**

We support aligning MP NI 40 with broader certification and assurance procedures, including MP NI 501–508 and the Market Registration Code. If the socialisation of costs is to be considered, further consultation will be required on cost recovery mechanisms and any associated licence condition changes.

In addition to the above we would strongly welcome a post-implementation review if the bulk transfer were availed of and believe this should be shared with industry through CDA or a similar forum. This high-level summary or report would outline how the bulk transfer was managed, including key timelines and lessons learned if the process is utilised as anticipated. While we understand that commercial details cannot be disclosed, providing a practical summary would enhance transparency, support continuous improvement and give both suppliers and consumer confidence in the robustness of the procedure. Sharing this type of information in a structured, non-commercial format would help identify lessons learned, inform process refinements and address operational considerations for any future use.

The Utility Regulator should also commit to reviewing MP NI 40 usage over time and reporting on frequency, volume and market impact.

Conclusion

Budget Energy welcomes the opportunity to respond to the UR's consultation and supports the introduction of MP NI 40 as a structured mechanism for voluntary partial market exits. However, in our view it is essential that the procedure remains optional, deliverable and commercially contained between those entering the process, which may ultimately lead to an agreement between the two suppliers. We oppose any attempt to pass costs to parties not involved in the agreement and urge the Utility Regulator to maintain clear boundaries between commercial transactions and regulated protections.

We hope our feedback will be considered and we remain available to engage further if required.

Yours Sincerely,
Paul McNulty
Senior Regulation Analyst
On behalf of
Budget Energy, Flogas Enterprise Solutions and Flogas Northern Ireland