

CONCLUSION OF FIRMUS ENERGY (SUPPLY) LTD'S REGULATED TARIFF REVIEW

Effective 01 July 2026

29 May 2026

www.uregni.gov.uk

Utility
Regulator 

About the Utility Regulator

The Utility Regulator is the independent non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water and sewerage industries, to promote the short and long-term interests of consumers.

We are not a policy-making department of government, but we make sure that the energy and water utility industries in Northern Ireland are regulated and developed within ministerial policy as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly through financial and annual reporting obligations.

We are based at Millennium House in the centre of Belfast. The Chief Executive and two Executive Directors lead teams in each of the main functional areas in the organisation: CEO Office; Price Controls; Networks and Energy Futures; and Markets and Consumer Protection and Enforcement. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.

OUR MISSION

To protect the short and long-term interests of consumers of electricity, gas and water.

OUR VISION

To ensure value and sustainability in energy and water.

OUR VALUES

ACCOUNTABLE:

We take ownership of our actions.

TRANSPARENT:

Ensuring trust through openness and honesty.

COLLABORATIVE:

Connecting and working with others for a shared purpose.

DILIGENT:

Working with care and rigour.

RESPECTFUL:

Treating everyone with dignity and fairness.

ABSTRACT

Protecting consumers is at the heart of the Utility Regulator's (UR) role and ensuring that customers pay the correct price for gas from the price-regulated supplier, firmus energy (Supply) Ltd (FES), is a core part of our work.

We commenced an ad-hoc review of the maximum average price with FES in May 2026, with current tariffs in place since 1 April 2026. This was deemed necessary following the conflict in the Middle East and rising wholesale energy prices. We have scrutinised the submission provided by FES to ensure that the maximum average price that we approve is not more than the sum of the costs allowed under the price control determination.

This ensures that customers pay no more than the costs of purchasing and supplying gas, plus a pre-determined allowance for the operating costs of the business in addition to an agreed profit margin.

AUDIENCE

Consumers and consumer groups; industry; political representatives, stakeholders and statutory bodies.

CONSUMER IMPACT

The key outcomes of this review will take effect on 1 July 2026. In summary:

- a) The current maximum average price will increase to 222.60 pence per therm (which is an increase from the current rate of 192.48 pence per therm);
- b) This means that a typical bill for an average domestic credit customer will increase from around £841 to £973 per year;
- c) This equates to an increase of approximately 15.7% or £132 per year (including VAT).

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1. Utility Regulator’s Review of the firmus energy (Supply) Ltd Maximum Average Price (Ten Towns area)

Summary and Key Messages

- 1.1 The current tariff rates for firmus energy (Supply) Limited (FES) customers have been in effect since 1 April 2026. However, following the conclusion of our review in February 2026, the conflict in the Middle East began. The conflict has impacted global wholesale gas prices, resulting in higher forward prices.
- 1.2 Therefore, in May 2026, the Utility Regulator (UR), in consultation with FES, the Department for the Economy (DfE) and the Consumer Council Northern Ireland (CCNI), began an ad-hoc review of the FES maximum average price for domestic customers and small business customers who use less than 2,500 therms of gas per year.
- 1.3 Following this process, UR has approved an increase of the maximum average price per therm¹ to take effect on 1 July 2026. This means the average annual bill for a domestic credit customer² will increase by around £132.

Table 1 - FES Average Annual Bill (based on an average 12,000 kWh consumption)

Annual Bill (All incl. VAT)	From 1 April 2026	From 1 July 2026	% change
Average Annual Bill (£ / year) for a domestic credit customer	£841	£973	15.7 %

¹ Pursuant to condition 2.4.2 of the firmus energy (Supply) Ltd licence for the supply of gas in Northern Ireland

² Based on annual consumption of 12,000 kWh.

- 1.4 Table 2 summarises the changes to unit rates which will be payable by credit, pay-as-you-go (PAYG) and small business customers of FES:

Table 2 – FES unit rate comparison

Rates (All incl. VAT)	From 1 April 2026	From 1 July 2026	% change
Tariff Rate per unit (p / kWh, incl. 5% VAT) for a domestic credit customer ³	7.002	8.098	15.7 %
Tariff Rate per unit (p / kWh, incl. 5% VAT) for a domestic PAYG customer	6.852	7.924	15.7 %
Tariff Rate per unit (p / kWh, excl. VAT) for a small business customer	6.865	7.940	15.7%

Key Outcomes of the Review

- 1.5 The key outcomes of this review will take effect on 1 July 2026. In summary:
- The current maximum average price will increase to 222.60 pence per therm (which is an increase from the current rate of 192.48 pence per therm);
 - This means that a typical bill for an average domestic credit customer will increase from around £841 to £973 per year;
 - This equates to an increase of approximately 15.7% or £132 per year (including VAT).
- 1.6 The increase in the FES maximum average price primarily reflects:
- An increase in cost of wholesale gas; and
 - change from an over-recovery to an under-recovery.
- 1.7 Key outcomes and explanations for the changes are provided in subsequent sections of this Briefing.

³ Direct Debit discount of £22.00 per annum

Reasons for the Change

Cost of wholesale gas

- 1.8 UR recently completed a review of the regulated gas tariff for FES in February 2026. This resulted in a reduction of around 10% for firmus gas customers, effective 1st April 2026. However, shortly after the conclusion of our review, the conflict in the Middle East began, resulting in a sharp increase in the price of wholesale gas (this is illustrated in Figure 1).

Figure 1 – Movement in forward curve of wholesale gas cost



- 1.9 Although wholesale gas prices have reduced from the peak in March 2026, forward wholesale gas prices have remained above pre-conflict levels. Due to the significant change in forecast wholesale gas costs, we received a submission from FES to undertake an ad-hoc review of their regulated Ten Towns tariff.
- 1.10 Since our last review, FES's wholesale gas costs have increased from 86.2 pence per therm to 106.2 pence per therm in the forthcoming tariff period, effective 1 July 2026. It is important to note that an element of the gas price included within the maximum average price for the 1 July 2026 tariff is a forecast cost and actual outturn prices may be higher or lower. This element is the cost of the gas that has not already been bought (hedged) by FES to date.

Change from over-recovery to under-recovery

- 1.11 In addition, the maximum average price coming into effect from 1 July 2026 includes an under-recovery of 0.72 pence per therm. It is important to highlight that this under-recovery has moved from an over-recovery of

-8.45 pence per therm in the current tariff. This is due to the increase in actual and forecast wholesale gas costs for the forthcoming tariff period.

- 1.12 Overall, the combined cost of wholesale gas and over/under-recovery has increased from 77.57 pence per therm in the 1 April 2026 tariff to 106.94 pence per therm in the 1 July 2026 tariff, as shown in Table 2 on the next page. The rise in commodity costs is the key driver for the forthcoming FES tariff increase of 15.7%.

Table 2 – Wholesale Costs & Over Recovery within Maximum Average Price

Elements within Maximum Average Price	Since 1 April 2026 (p/therm)	Effective from 1 July 2026 (p/therm)
Wholesale Gas Cost	86.02	106.22
(Over)/Under Recovery	-8.45	0.72
Total Wholesale Gas Cost and (Over)/Under Recovery	77.57	106.94

Comparison with GB and Ireland

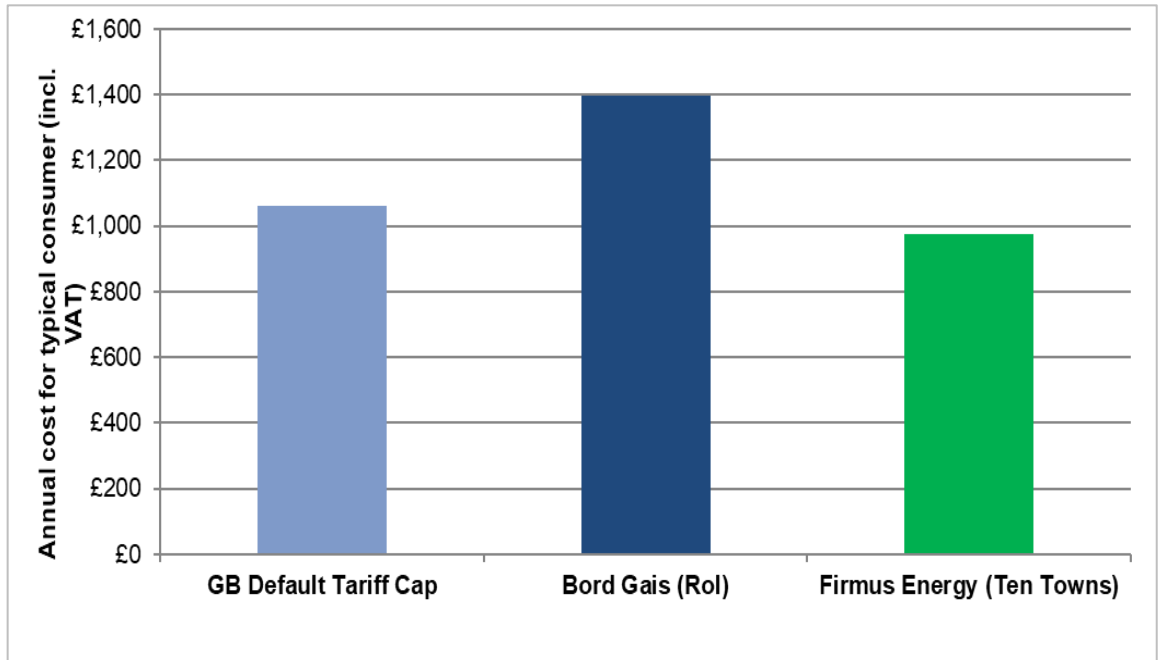
- 1.13 The FES tariff for an average domestic standard credit customer in the Ten Towns from 1 July 2026 will be c.8% below the GB Gas Price Cap and c.30% below the Bord Gais standard tariff in Ireland.
- 1.14 Figure 2 on the next page shows the typical FES domestic standard credit tariff from 1 July 2026, compared with Bord Gais⁴ in Ireland and the Default Tariff Cap⁵ level in GB⁶.

⁴Our Tariffs & Prices | Bord Gáis Energy (bordgaisenergy.ie)

⁵ Default tariff cap level: 1 July 2026 to 30 September 2026 Average across all regions.

⁶ The average annual bill amounts in this graph have been calculated based on actual tariff unit rates (including VAT) and are based on average annual consumption of 12,000kWh.

Figure 2 - Comparison of average annual domestic bills



What Happens Next

- 1.15 The new tariff will take effect on 1 July 2026.
- 1.16 The new maximum average price has been modelled and forecast over a period of 12 months.
- 1.17 We will continue to monitor wholesale energy markets and regulated tariffs in light of recent global developments.

2. Contextual Information

Background

- 2.1 In Northern Ireland, there are three distinct distribution areas for natural gas. These are the Greater Belfast area, the Ten Towns area and the West area. Phoenix Energy Group Limited own and operate the distribution network in the Greater Belfast area, Kinecx Energy Limited⁷ own and operate the distribution network in the Ten Towns area, while Evolve⁸ own and operate the distribution network in the West area.

Figure 3 - The gas network in Northern Ireland



- 2.2 FES holds a licence to supply gas to customers in the Ten Towns area. This licence was granted to FES with a period of exclusivity for supplying gas to customers within this area, meaning that FES was the only company allowed to supply gas within the Ten Towns during this period.
- 2.3 From 1 April 2015, the supply market in the Ten Towns area opened to competition from new entrant suppliers in all customer sectors. However, FES is currently the only supplier for domestic consumers in this market. FES currently supplies around 75,000 domestic and small business⁹ customers (referred to as “tariff” customers) in this area.

⁷ Kinecx Energy Limited, formerly Firmus Energy (Distribution) Limited, rebranded on 17 September 2025.

⁸ Evolve is the trading name of SGN Evolve Network Ltd (former trading name was SGN Natural Gas Limited from April 2015 – September 2023).

⁹ Figure provided by firmus Energy Supply Ltd.

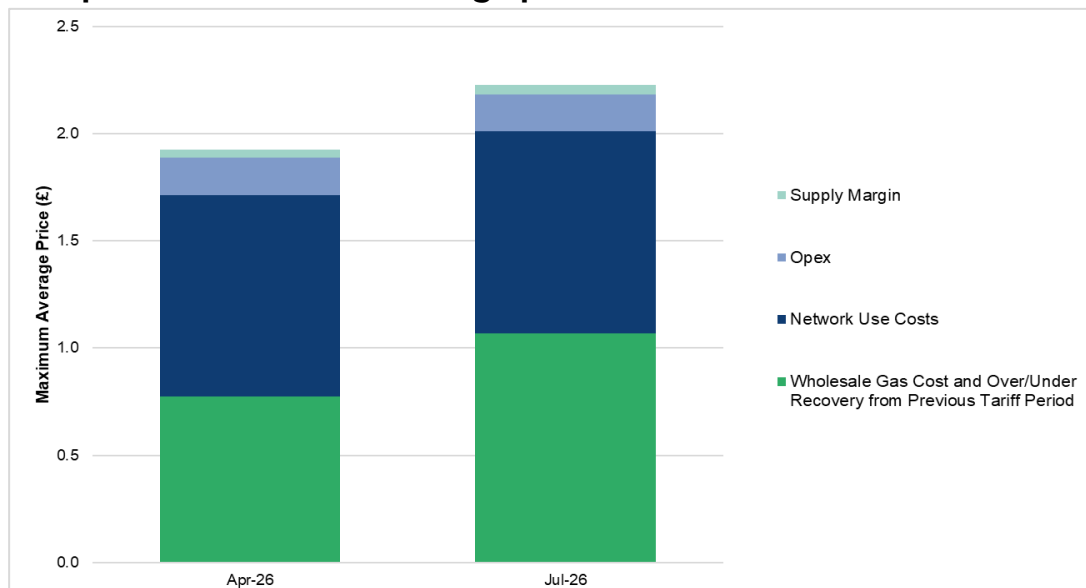
Regulatory Framework

- 2.4 The UR has established a price control determination which sets out FES’s allowed costs. The price control determination sets out how each of the cost elements which make up the maximum average price will be treated.
- 2.5 FES uses the maximum average price to set the actual tariffs that are charged to customers. The tariffs are calculated on a weighted average basis, based on average usage and the number of customers using each tariff. FES cannot charge more than the maximum average price overall.

Breakdown of Maximum Average Price

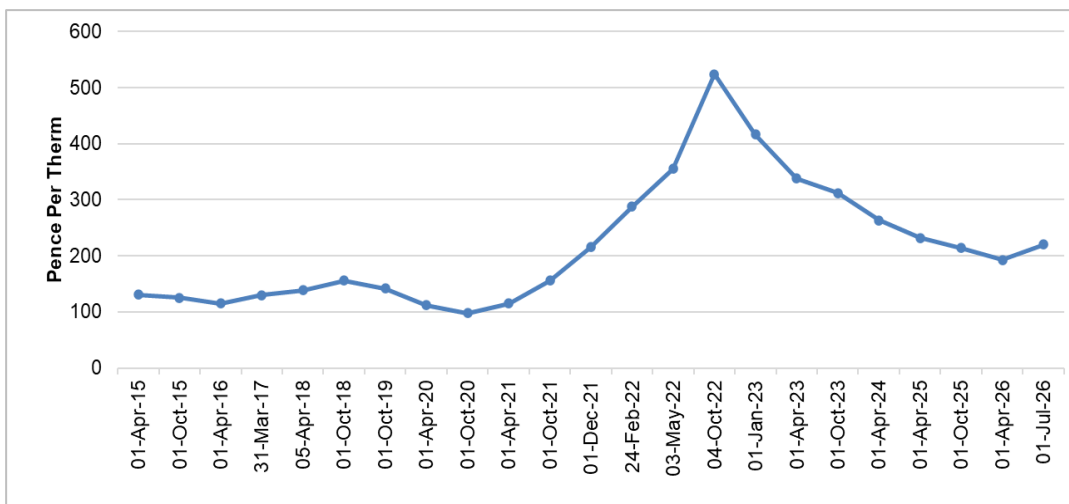
- 2.6 The UR carries out formal reviews of the FES maximum average price on a bi-annual basis (in advance of April and October). The UR can also initiate a further review at any stage should the wholesale cost of gas change significantly such that it would result in an increase or decrease of at least 5% to the maximum average price. On an ongoing basis we analyse the cost of wholesale gas on the forward curve, along with the forward purchases that FES has made to date.
- 2.7 The UR scrutinised FES’ submission, ensuring that the maximum average charge per unit supplied is not more than the sum of the input costs allowed in the price control formula.
- 2.8 The graph shown in Figure 4 compares the breakdown of the July 2026 maximum average price with a breakdown of the previous maximum average price set in April 2026.

Figure 4 – Breakdown of July 2026 maximum average price compared with previous maximum average price



2.9 Figure 5 below shows the movement in the regulated maximum average price since April 2015, when the first FES regulated tariff took effect. This indicates that it was reasonably consistent until the end of 2021. At that time, the wholesale price of natural gas increased significantly mainly due to geo-political tensions of the Russia-Ukraine invasion. Demand for gas was high with a reliance on imports from across Europe, but that supply decreased. Since the end of 2022, the price has declined steadily but remains higher than historic norms pre-2021. More recently, developments in the Middle East have contributed to a modest increase in the maximum average price due to uncertainty around supply and concerns regarding replenishing inventory levels ahead of next winter.

Figure 5 - Historic maximum average price

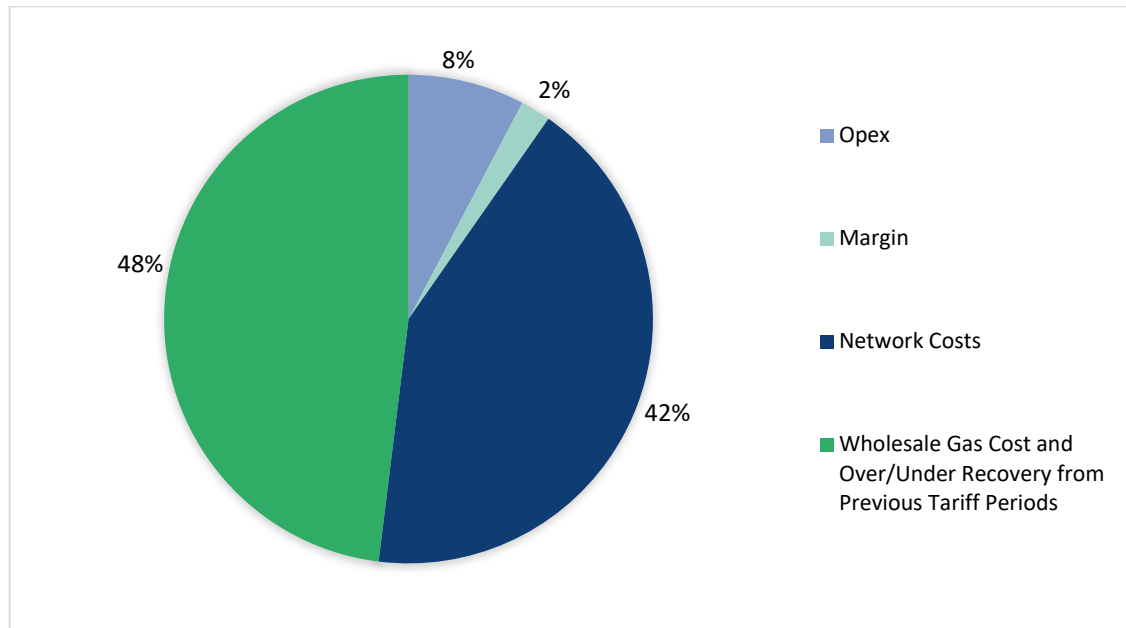


What makes up the Maximum Average Price

2.10 The maximum average price is made up of the following costs and is shown in Figure 6 below:

- Network costs;
- Wholesale cost of gas; and
- Operating costs and supply margin.

Figure 6 – Makeup of the maximum average price from 1 July 2026



2.11 Each element is described in turn below.

Wholesale Cost and Correction Factor

2.12 As determined within the FES price control, the gas cost element of the maximum average price incorporates the wholesale cost of gas as well as charges for transporting gas through Great Britain and costs for securing credit cover associated with purchasing wholesale gas.

2.13 The FES price control determines that gas costs are treated as pass through which means that a customer pays no more or less than the actual cost of gas. Therefore, where wholesale gas costs decrease or increase over those set in the tariff, the resulting savings or additional costs are passed on to customers.

2.14 FES has a gas purchasing strategy in place which means that it purchases a percentage of its forecast volumes in advance on an ongoing basis. This is known as hedging and limits exposure to more short-term fluctuations in wholesale gas prices and therefore aims to create more stability in the gas price for customers. It is important to note that FES' hedging strategy will be specific to it and, due to the specific timing of forward gas purchases, the price paid will be different from other suppliers who will purchase different volumes at different time periods (and hence at different prices as the gas market moves on a daily basis). Hence, the overall wholesale cost of FES will likely always differ somewhat from that

of other gas suppliers even though they are purchasing from the same gas market.

- 2.15 At the time of review, the overall cost of gas for the maximum average price is estimated based on a combination of actual forward gas purchases that have already been secured, along with forecast volumes of gas required, and the forecast wholesale cost of that gas which has yet to be bought (based on the gas price forward curve). Buying gas in advance (hedging) can help to reduce any over/under recoveries building up as the price of the hedged gas in the maximum average price is known when the price is set.
- 2.16 Wholesale gas costs make up a large component of the final maximum average price. As these costs can be volatile, there will always be a difference between the outturn cost of the wholesale gas that has yet to be purchased compared to the forecast costs that were included when the maximum average price was set.
- 2.17 Where the wholesale gas costs outturn less than forecasted in the maximum average price, FES will 'over recover'. This means that they recovered more money from customers than they spent on gas costs, and they will subsequently refund the over recovered difference to customers in the following tariff period.
- 2.18 Alternatively, where the wholesale gas costs turn out higher than forecast in the maximum average price, FES will 'under recover'. This means they spent more on gas costs than they recovered from customers, and they will therefore be able to charge back the under recovered difference to customers in the following tariff period. This ensures that customers only pay for the actual cost of gas. Therefore, each maximum average price includes an amount of over or under recovery which was accumulated during the previous tariff periods.
- 2.19 Both FES and the UR strive to keep the over/under recovered amount as low as possible in order to avoid distortion of the maximum average price. This is carried out through ongoing monitoring and tariff changes being applied when over or under recoveries are accumulating to such an extent that they would adversely affect the tariff.

Network Costs

- 2.20 Network costs cover the charges for the use of the Northern Ireland transmission and distribution systems. These charges are reviewed and approved by the UR as part of the network price controls. From 1 July 2026, network costs will make up 42% of a typical gas customer bill.

- 2.21 The FES price control determined that the transmission and distribution system charges will be treated as pass through charges. This means that a customer pays no more or less than the actual cost of network charges.
- 2.22 The costs for the transmission system are those costs involved in bringing gas from Scotland to Northern Ireland, via the Scotland to Northern Ireland Pipeline, and all the transmission pipelines within Northern Ireland. These costs are published on the [Gas Market Operator NI](#) and [National Grid](#) website.
- 2.23 The costs for the distribution system are those costs associated with moving gas throughout the Ten Towns area to homes and businesses. On 28 October 2022, the final determination on the price control for Northern Ireland's gas distribution networks for 2023-2028 (GD23), and associated licence modifications for consultation, were published. GD23 is the distribution price control for Phoenix Energy Group Limited, Kinecx Energy Limited and Evolve which runs from 01 January 2023¹⁰. The distribution price control determines the amounts that Kinecx Energy Limited can charge for suppliers to use the Ten Towns network. These can be found on the [Kinecx Energy Limited's](#) website.

Supplier Charge

- 2.24 In September 2022 the UR published the final determination for the FES price control¹¹ which indicates the total amount of revenue that the Licensee can recover, in any relevant year, in respect of the gas supply business.
- 2.25 The Opex costs make up 8% of bills from 1 July 2026.
- 2.26 The margin refers to the amount of profit FES is allowed to make. The margin was determined within the price control and was set at 2% of allowable turnover from tariff customers.
- 2.27 The price control determination runs from 1 January 2023 to 31 December 2026.

¹⁰ Final determination GD23

¹¹ [Final determination and proposed licence modifications for the firmus energy \(Supply\) Ltd 2023-2026 price control](#)

3. Annex A - Historic Maximum Average Price

Effective from Date	Approved Maximum Average Price (p/therm)
01-Apr-15	130.85
01-Oct-15	125.16 ¹²
01-Apr-16	115.51
31-Mar-17	130.27 ¹³
05-Apr-18	139.10
01-Oct-18	155.80
01-Oct-19	142.14
01-Apr-20	112.07
01-Oct-20	98.08
01-Apr-21	115.48
01-Oct-21	156.07
01-Dec-21	215.66
24-Feb-22	288.06
03-May-22	335.04
03-Oct-22	523.71
01-Jan-23	416.25
01-Apr-23	337.83
01-Oct-23	312.28
01-Apr-24	263.58
01-Apr-25	232.38
01-Oct-25	214.11
01-Apr-26	192.48
01- July-26	222.60

¹² This figure has been restated to take into account updated volume forecasts. At 01-Oct-15 the approved Maximum Average Price was 124.44 p/therm.

¹³ This figure has been recalculated to take account the removal of EUC2 customers from the regulated tariff. Previously the approved Maximum Average Price was 129.57 p/therm.