

**ESB Independent Energy's response to NIE  
Energy Supply Price Control 2009/10 Proposals  
Consultation**

ESB Independent Energy broadly welcomes the thrust of the proposals outlined in the consultation paper in relation to this particular new NIE Energy Supply price control.

We particularly welcome and agree with the reduced period of one year for this particular price control at this time in light of future likely developments in retail competition which will have a direct influence on the NIE Energy Supply price control process e.g. review of K-factor, supply margins and regulated tariff structures. In light of the recent publication of NIAUR's Forward Work Programme (FWP) 2009/10 and particularly the proposed projects and workstreams of the work programme associated with the retail market and retail competition in particular, ESB Independent Energy believes that it is indeed prudent to only have a one year price control at this time allowing these new price control proposals for 2009/10 to be implemented while these retail competition workstreams proceed. You also have then the option of another year's extension of this price control if necessary depending on the progress of these workstreams and any final decisions that result from these workstreams.

ESB Independent Energy also acknowledges the proposal to deregulate tariffs for non-domestic customers with an annual consumption greater than 150MWh and thus remove these customers and their associated costs from price control and their re-allocation into the de-regulated category.

We also welcome and agree with the change of emphasis to the more appropriate target for energy efficiency going forward being based on energy savings (GWh) as opposed to the previous customer financial or monetary savings.

Having said all that and with the recent publication of NIAUR's FWP 2009/10 and also, while not wanting to pre-empt the current open consultation 'Energy Retail Competition Work Programme: General Overview and Rationale' or any further decisions that may materialise from this consultation after it ends on 1<sup>st</sup> July, ESB Independent Energy believes it would be now timely for all interested parties to receive a formal update from NIAUR on progress to-date of some of the outlined early starter workstreams in relation to energy retail competition and particularly, for example, review of K-factor, supply margins and regulated tariff structures. This, we believe, is particularly important in light of this current consultation on a proposed shorter one year term NIE Energy Supply price control but also, more importantly, for future price controls which are likely to be directly impacted by resulting decisions from these workstreams in particular.

Whilst we accept it is still early days as the NIAUR FWP 2009/10 which also includes retail work programme projects is only recently published and is for the April 2009 – March 2010 period initially and then beyond and we're still only in April 2009, ESB Independent Energy did, along with other suppliers, attend a first meeting in NIAUR offices on 18<sup>th</sup> February last on regulated tariff structures review. It was also mooted at this meeting about the possibility of setting up a 'Retail Energy Supplier Forum' type group comprising of suppliers and other interested parties where issues in relation to these energy retail projects and workstreams etc could be discussed and thrashed out in an open type forum amongst all the relevant parties. However, we haven't had a second follow-up meeting of this tariff structure review or any other proposed workstream or 'Retail Energy Supplier Forum' type topic since and, although both the FWP 2009/10 and 'Energy Retail Competition Work Programme: General Overview and

Rationale' consultation both list a number of actions and tasks to be developed under all projects during 2009/10 and beyond and indicate a status of 'Ongoing' or 'Underway' which is fine in itself, ESB Independent Energy believes it is now timely for some form of formal update or briefing meeting from NIAUR on progress and plans going forward for these workstreams including more specific dates for future consultations emanating from these workstreams and any future 'Retail Energy Supplier Forum' type group meetings. This update briefing should also include an update on progress to-date on discussions or planned discussions with CER on which projects could be pursued on an All-Island basis e.g. review of K-factor, supply margins and regulated tariff structures were mentioned in this vain.